

Indonesia Moves Toward a Bigger Role on the World Stage

Ali Alaua, a career diplomat who was appointed Indonesia's foreign minister by President Suharto in March, spoke in Jakarta with Michael Richardson of the International Herald Tribune about recent Indonesian initiatives to step back onto the world stage.

Q. Indonesia, with over 170 million people, is the fifth-most-populous nation in the world. For more than a decade it has been politically stable and made steady economic progress. Yet the government in Jakarta has generally taken a low-key posture in international and regional affairs. Is it time for Indonesia to become more assertive?

A. We have an independent and active foreign policy. I have never had the feeling we were low-key on major issues such as the Middle East, the Palestinian problem, southern Africa and Namibia. Indonesia has always had a very clear stand and been quite vocal about it.

But there was a period where Indonesia was, I think, rightly, more inward-looking as it tried to put its own economic and political house in order. We have now reached the stage of consolidation and progress at home. So we can play an even more active role in foreign affairs.

Q. Does Indonesia intend to raise its profile in the nonaligned group of nations?

A. We have put forward our candidature to host the ninth summit of the nonaligned movement in 1989. We are going to push forward with that. . . . We think we have the credibility and the capacity to contribute positively to non-alignment. But that, of course, is for the movement, not us, to judge.

MONDAY Q&A

Q. Does Indonesia's heightened interest in nonalignment mean it is diluting its relations with Japan, the U.S., the European Community and other Western countries?

A. No. We have never seen these activities as impinging on each other. We will be just as active within the Association of South East Asian Nations. We will continue to promote cooperation between

ASEAN and its dialogue partners, Japan, the U.S., the EC, Canada, Australia and New Zealand.

Q. Are you optimistic that the Cambodian conflict can be settled by negotiations?

A. Recently, Indonesia hosted an informal meeting on Cambodia. For the first time, we found a way through which all the directly involved parties, as well as other concerned countries, could sit around the table and discuss their views on a possible solution. I think that is a step forward. We also went a little bit further. We have started a genuine dialogue on the very contradictory positions held by the parties to the conflict. Hopefully, this will lead to a convergence of views on a possible solution.

However we are not naive or starry-eyed. We know the Cambodian problem is very complex. . . . Bitter fighting has been going on for almost 10 years. There will not be a solution overnight.

Q. Isn't one of the most critical factors for a solution an improvement in relationships between the U.S., the Soviet Union and China?

A. The Cambodian conflict has both a regional and an international dimension. Whatever we in the region may agree on can only remain durable if the major powers bordering our region also support that solution and guarantee its scrupulous implementation.

Q. Why has Indonesia pushed so energetically for a nuclear-weapon-free zone in Southeast Asia in the face of declared U.S. opposition?

A. Under the treaty ASEAN is drafting, all countries in the area should forswear production, acquisition and storage of nuclear weapons. The transit of nuclear weapons by sea or air would not be affected. So we think we could have a safer Southeast Asia without impairing the strategic capabilities of any of the superpowers. That strategic capability is mainly expressed in transit.

Q. Would port calls by ships suspected of carrying tactical nuclear weapons be permitted?

A. We have not reached that point yet in the drafting. But we have watched the nuclear-free treaty drawn up by countries in the South Pacific. They left it to each

of the governments signing the treaty to decide whether or not to permit such port calls. We have noted that.

Q. Are Indonesia and its partners concerned that economic unity in Western Europe after 1992 will prompt the EC to raise rather than lower barriers to imports?

A. While ASEAN regards the purposeful movement of the EC towards economic unity as a great achievement, it fears that such integration, if not by explicit policy then by the interplay of economic forces, will create an inward-looking Europe. We are worried that in this enlarged market, the countries of the EC will spend a lot of time trading with one another, or adjusting to one another, with the result that they become more protectionist towards their outside trading partners.

We have told the EC of our concerns. We have been given assurances that international trade is vital for Western Europe and that the doors to this trade will not be closed after 1992. But we are going to watch very carefully how things work out.

WORLD BRIEFS

Yugoslavs Protest Strife in Kosovo

TITOV VRBAS, Yugoslavia (Reuters) — Defying calls by authorities for an end to protest meetings, 15,000 Serbs and Montenegrins packed for the central square of this northeast Yugoslav town on Saturday to demand the immediate settlement of ethnic tensions in troubled Kosovo province.

Serbs have held several mass protests in the past few weeks in support of a drive by the Serbian Communist Party chief, Slobodan Milosevic, to reduce the powers of the two autonomous Serbian provinces, Kosovo and Vojvodina.

Many Serbs are angry at the plight of the Slavic minority in Kosovo, which is fleeing the province alleging persecution by its ethnic Albanian majority. More than 30,000 non-Albanians, mostly Serbs and Montenegrins, have fled since Albanian nationalist riots led to martial law being imposed briefly in 1981.

Ceausescu Meets Grosz Over Dispute

VIENNA (Reuters) — The Hungarian prime minister, Karoly Grosz, met Sunday with President Nicolae Ceausescu of Romania in the Romanian city of Arad to try to solve a long-standing dispute between the two Warsaw Pact allies.

Hungary's official MTT press agency, monitored in Vienna, said the "working meeting" — the first high-level talks between the two nations in 11 years — began immediately after Mr. Grosz's arrival.

Relations between Bucharest and Budapest have long been soured by Hungarian resentment of Romania's treatment of its 2 million citizens of Hungarian descent. The dispute deepened in June when tens of thousands marched through Budapest in protest of Romania's agro-industrial modernization plans. These involve the razing of 8,000 villages, many inhabited by ethnic Hungarians.

Japanese Blamed for Fatal Sinking

LIMA (Reuters) — President Alan Garcia Perez was quoted Sunday as saying that the crew of a Japanese fishing boat had caused the sinking of a Peruvian Navy submarine that killed seven sailors and left 23 trapped for nearly 24 hours.

Mr. Garcia said Captain Daniel Nieva and six crew members died Friday after a Japanese trawler rammed the 100-meter (325-foot) U.S. made submarine. The captain of the ship died when he went to close a hatch and became trapped in a compartment as it filled with water. Mr. Garcia said the boat crashed into the submarine after mistaking its turn for a small craft when "actually 70 meters of it had still not passed by."

2 Generals Accused in Seoul Attack

SEOUL (AP) — Army authorities relieved two generals Sunday whom they were accused of involvement in a terrorist attack on a journalist.

Military officials said Brigadier Generals Lee Kyu Hong and Kwun Ki Yum of the Army Intelligence Command were found involved in the Aug. 7 attack on Oh Hong Kun, an editor of an economic daily in Seoul. A major and three noncommissioned officers had been arrested earlier for slaying Mr. Oh with knives. Officials said they were investigating whether more army officers were involved.

Opposition leaders argue that the attack is evidence that some officials in the ruling party are scheming to crack down on political dissent after the Summer Olympic Games, which will end Oct. 2.

France May Vote on New Caledonia

NOUMEA, New Caledonia (Reuters) — A nationwide referendum to enact a peace plan for New Caledonia is likely to be held in France on Nov. 6, Prime Minister Michel Rocard said Sunday.

The Socialist government has resorted to this rarely used form of vote to give greater constitutional validity to a peace plan for New Caledonia sponsored by Mr. Rocard. The territory's two opposing groups have repeatedly complained that measures enacted by one government are rapidly scrapped by the following cabinet.

Under the plan, a year of direct rule from Paris will be followed by nine years of limited self-rule and culminate with an independence referendum in 1998.

TRAVEL UPDATE

Exercise on Flights, Doctors Advise

LONDON (AP) — People on long flights should exercise their leg muscles if they want to stay healthy, particularly if they are flying economy class when they might be more cramped, according to an article in the British medical journal The Lancet.

The article, written by two British doctors and an American doctor, said passengers on flights of four hours or more risked developing a blood clot in the legs that could lead to chest pains and heart failure. They said the problems could occur in any cramped conditions, even if flying business class or first class, but were more likely in economy class.

The doctors advised exercising the leg muscles while sitting, getting up to walk around the aircraft from time to time and avoiding alcohol, smoking and inside seats.

Air France will begin direct service on Fridays between Paris and San Juan, Puerto Rico, starting Nov. 4.

Train services on the main Madrid-Paris rail link were interrupted for five hours Sunday after two phone calls in the name of the Basque guerrilla group ETA said bombs had been placed on the line, Spanish police said. No bombs were found.

American-Caribbean Airline, which is owned by a group of Guyanese businessmen in the United States, has received permission to operate between New York and Guyana, the Guyanese Ministry of Transport has announced. (AP)

This Week's Holidays

Banking and government offices will be closed or services curtailed in the following countries and their dependencies this week because of national and religious holidays:

- MONDAY: Britain, Gibraltar, Hong Kong, Macao.
 - TUESDAY: Afghanistan, Peru, Turkey.
 - WEDNESDAY: Malaysia.
 - THURSDAY: Central African Republic, Libya, Mexico, Syria.
 - FRIDAY: Brazil, India.
 - SATURDAY: San Marino, Tunisia.
- Source: Morgan Guaranty Trust Co., Reuters.

SYRIA: Soviet Base Being Built

(Continued from Page 1) Syria owes the Soviet Union and its Warsaw Pact allies more than \$15 billion, according to U.S. officials.

The base is used by Soviet submarines, cruisers, destroyers, minesweepers and landing ships, he said. While the surface ships come from the Black Sea Fleet, the submarines come from the Northern Fleet, and would have to return more often to distant ports on the Kola Peninsula if they had no Mediterranean base.

White House officials said they had repeatedly asked the U.S. Embassy in Damascus to obtain detailed information about the purpose and use of buildings under construction in the port of Tartus. But so far, the officials said, the embassy had not provided any details about the new installation or the Soviet-Syrian agreement governing its use.

The officials said they hoped the new U.S. ambassador to Syria, Edward P. Djerejian, would quickly investigate and report on the Soviet activity there.

The Soviet Union is Syria's main source of arms. It has supplied \$10 billion worth of weapons to Damascus in the last five years, according to estimates published by the U.S. Arms Control and Disarmament Agency.

But State Department officials say that the Soviets appear to be reassessing costs and benefits of their long-term commitment to Syria. In the past year, they have demanded prompt payment in hard currency for weapons sold to Syria.

Jet Crash-Lands in Chicago

CHICAGO — A TWA jet carrying 68 people made a belly landing Saturday at O'Hare International Airport after its landing gear failed and at least seven people were injured while evacuating on chutes, authorities said.

Government in Exile To Be Formed by PLO

By Alan Cowell
New York Times Service

BAGHDAD — A senior official of the Palestine Liberation Organization says the group has decided to declare the Israeli-occupied West Bank and Gaza Strip independent and to form a government in exile for the territories.

The official, Bassam Abu Sharif, said the decision was made here recently by factions of the PLO loyal to Yasser Arafat, the organization's chairman. Mr. Arafat's movement, el-Fatah, dominates the PLO, which has its military headquarters here.

Mr. Abu Sharif said that the move would be submitted for approval at a special meeting of the Palestine National Council. The council is regarded by Palestinians as a parliament in exile.

[A Palestinian official, Saleh Khalaf, said in Tunis that the council would not convene until October at the earliest. He said the meeting, tentatively scheduled for September, had been postponed to allow further consultations.]

The proposal for the territories, which is likely to heighten Palestinian nationalism and to have international reverberations, is not viewed by Western diplomats as enhancing the chances for a negotiated settlement in the Middle East, at least in the short run.

Israel has said it would not recognize a Palestinian state, and the proposals on the Middle East advanced by the United States have been predicated on Israel's negotiating with Jordan and with Palestinians outside the PLO.

Even if a Palestinian government in exile were to recognize Israel, that would be unlikely to change Israel's policy.

Mr. Abu Sharif said that implicit in the impending move was a decision to accept Israel's existence as a state, something the PLO has so far refused to do.

Referring to United Nations resolutions that provide for the establishment of Jewish and Arab states and for the withdrawal by Israel from territory occupied in the 1967 Middle East war, Mr. Abu Sharif

said, "I'm acknowledging that there is another state."

Presumably, the Palestinian government in exile would seek recognition from foreign governments. It would most likely be financed through contributions from Arab countries, including Saudi Arabia, as the PLO itself has been.

The issue of a government in exile has become more urgent following the decision by Jordan last month to sever its 40-year administrative role in the West Bank and other areas to the occupied area.

The primary significance of creating a government in exile is political, Western diplomats said — to put pressure on Israel to give up control of the occupied territories. The two areas have been under Israeli occupation since the 1967 war, although the West Bank's legal institutions continued to be financed by Jordan, which controlled the area from 1948 to 1967.

Comparing the proposed government in exile to the one established in London by Charles de Gaulle during World War II, Mr. Abu Sharif said: "I know it does not mean sovereignty. Sovereignty will come after putting an end to occupation."

"We have no other choice but to proceed unilaterally," he said. "We will go ahead in fulfilling the requirements for the declaration of independence."

"We have the land, although it is occupied. We have the people, part of which is under occupation. We will be forming our government, and the fourth element will be world recognition."

The PLO has been considering a government in exile since the Palestinian uprising against the Israeli occupation of the West Bank and Gaza Strip began almost nine months ago. Various ideas for the form that such a government should take have been circulating among Palestinian groups in recent weeks.

The idea has deepened divisions among Palestinians, with groups based in Damascus and opposed to Arafat denouncing the idea because of its implicit recognition of Israel. Opponents also view a provisional government as incompatible with the notion of armed struggle against Israel.

U.S. Officials Quarrel Over PLO Office at UN

By Robert Pear
New York Times Service

WASHINGTON — Reagan administration officials engaged last week in a bitter internal debate over whether to appeal a federal court decision that upholds the right of the Palestine Liberation Organization to keep an observer mission at the headquarters of the United Nations in New York.

Justice Department officials argued that the government should file an appeal and should persist in its effort to close the mission, as they said Congress intended.

There is a unanimous belief in this department that the decision should be appealed. A senior Justice Department official said. "And it will be appealed unless there is some extraordinary request from the president himself to the contrary."

But Kenneth M. Duberstein, the White House chief of staff, has asked the Justice Department to hold off. State Department officials insist that the administration must not do anything to impair operation of the mission.

Abraham D. Sofaer, the State Department legal adviser, said: "It was a grave mistake for Congress to attempt to close the PLO office. It would violate the United Nations Headquarters Agreement."

A federal district judge, Edmund L. Palmieri, accepted that view on June 29, when he ruled that, under the 1947 agreement, "the United States must allow PLO representatives access to and presence in the vicinity of the United Nations."

In addition, State Department officials noted that other countries overwhelmingly opposed the U.S. effort to close the observer mission. If the effort succeeds, it will adversely affect the U.S. campaign to revive the Middle East peace process, they said.

The dispute must be resolved



In a photo taken from a U.S. Navy videotape that has just been released for public viewing, sailors on the bridge of the cruiser Vincennes awaiting orders after the ship fired missiles July 3 that shot down an Iranian Airbus passenger jet. All 290 aboard the aircraft were killed.

U.S. TV Shows Taped Vincennes Scene

New York Times Service

WASHINGTON — A videotape made by the U.S. Navy has provided the public with its first close-up glimpse of the dramatic scene aboard the cruiser Vincennes during the incident in which it mistakenly shot down an Iranian passenger plane.

The 34-minute videotape was shot by a Navy documentary camera team that is based in the Gulf and happened to be on the Vincennes on July 3 at the time of the downing of the airliner, according

to Glenn Flood, a civilian spokesman for the Defense Department.

The tape was released Friday to NBC News, which had learned of its existence and requested a copy under the Freedom of Information Act, according to both NBC and the Pentagon.

The excerpts show dramatic scenes on the bridge, from which the Vincennes was navigated as it fought off attacks by Iranian gunboats and fired its missiles at the Iranian airliner.

Viewers hear the "general quar-

ters' alarm sounded when the first reports of Iranian gunboats threatening civilian ships are received. The ship's 5-inch gun is shown blasting away at the gunboats as they speed toward the Vincennes. The Vincennes is shown heeling over as it turned sharply to bring its guns to bear.

After the Iranian plane takes off from a nearby airfield and is mistaken for an F-14 fighter, the tape shows two missiles being launched from the Vincennes toward the doomed airliner.

The crew is clearly excited. "We

had to have hit it — that was a dead-on," one crewman exulted. About 10 minutes later, according to the television reports, the crewmen learned they had downed a civilian plane.

The tape showed no sign of confusion on the bridge that would have contributed to the mistaken destruction of the passenger plane. But the tape contained no footage of the combat information center, where the ship's captain was directing the battle and where the critical errors were made.

Baghdad's Strong Warnings Shake Peace Talks

The Associated Press

GENEVA — The fragile Iran-Iraq peace talks ran into trouble on Sunday after Iraq delivered an strong warning, blamed Iran for sabotaging negotiations and said it was ready to confront any aggression from Tehran.

In a statement released in Baghdad, the acting foreign minister, Saadun Hamadi, said that Iran

would "face from our side full preparedness to confront any behavior of aggressive aspect."

The statement was distributed in Geneva. Meanwhile, Foreign Minister Tariq Aziz of Iraq abruptly walked out after three hours of consultations with the United Nations secretary-general, Javier Perez de Cuellar.

His counterpart, Foreign Minis-

ter Ali Akbar Velayati of Iran, was

holding separate talks with Mr. Perez de Cuellar.

Mr. Aziz left shortly after the hard-line statement by Mr. Hamadi was received from Baghdad. The statement also declared Iraqi sovereignty over the Shatt-al-Arab waterway and blamed Iran for procrastination and continued tension in the region.

It was not clear if the talks had

reached an impasse, but the problems appeared to be serious.

A spokesman for the United Nations, Francois Giulliani, said that the remainder of the Iraqi delegation remained at the United Nations office in Geneva on Sunday. Mr. Perez de Cuellar was consulting with both delegations.

Mr. Giulliani said that Mr. Aziz would return and resume discussions if his presence were requested.

The peace talks, which began Thursday, resumed Sunday after a "day of reflection" as Iran accused Iraq of stalling and said the negotiations "could drag on for years."

As Mr. Aziz left the meeting, the Iraqi news agency distributed a statement in which Iraq reaffirmed its sovereignty over the disputed Shatt-al-Arab waterway, a major issue in the talks.

The statement quoted Mr. Hamadi in Baghdad as saying that the Iraqis were placing "obstacles and pretexts" in the way of the talks.

Mr. Hamadi reaffirmed Iraq's claim to sovereignty over the waterway. In 1980, President Saddam Hussein of Iraq repudiated the 1975 treaty that divided the waterway in the middle.

"Any attempt to minimize the full sovereignty of Iraq on this vital issue would be faced with categorical rejection from our side," Mr. Hamadi said.

Iran has said that the treaty remains valid and has rejected Iraqi claims to complete sovereignty over the waterway.

Mr. Hamadi warned that "any procrastination exercised by the Iranian side in this respect would harm the issue of peace."

Israel Closes Arab Charity Group

The Associated Press

JERUSALEM — Israeli police shut down a federation of 108 Palestinian charities on Sunday, accusing it of being a front for the Palestine Liberation Organization.

Meanwhile, in the West Bank, the beaten body of an Arab alleged to have collaborated with Israel was found burned and tied to an electric pole.

The raid on the organization of charities in Jerusalem followed the closing last week of several Arab professional associations and the offices of the Trade Union Federation in Nablus, which grouped 45 unions aligned with the Fatah fac-

tion headed by the chairman of the PLO, Yasser Arafat.

The police raided the Federation of Charitable Societies after a one-year closure order was issued by the military commander of the West Bank, Major General Amram Mitzneh.

A government statement said that the charity office had distributed PLO finances "under cover of financial aid and charity."

Israel's crackdown was designed to keep the PLO from taking over organizations that had been controlled by King Hussein of Jordan before he severed most ties with the Israeli-occupied West Bank and Gaza Strip last month.

The moves came as part of a larger Israeli effort to disrupt the grass-roots organization of the nearly nine-month Palestinian uprising against Israeli rule in the territories it has occupied since 1967.

The killing an alleged collaborator with Israel on Sunday morning followed a call by the underground leadership of the uprising for Palestinians to demand the resignations of Arabs who work for Israel.

The body of Samih Youssef Debbasi was found tied to an electric pole in the Hatti Sheikh neighborhood of Hebron, Arab reports and an Israeli photographer said.

Americans Abroad for Bush/Quayle '88

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Bush's Status As His Camp

Quayle Exud

Polls Depict

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for Remainder

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Yugoslavs Protest Strife in Kosovo

Ceausescu Meets Grosz Over Dispute

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Indonesia Moves Toward a Bigger Role on the World Stage

Bush's Stature Seems to Grow As His Campaign Gets Rolling

By Bill Peterson
Washington Post Service
HOUSTON — With his body and his vice presidential nomination in controversy and his judgment questioned by editorialists at every stop, Vice President George Bush had every reason last week to be discouraged, even angry.

He became "the standard bearer of a great party."
He began redefining himself in stronger terms and tearing down the Democratic presidential nominee, Michael S. Dukakis. He called himself a "pirate" and acted like one. He questioned Mr. Dukakis' background in foreign affairs, his record as a "liberal governor of Massachusetts," his values as a "liberal" and "member of the American Civil Liberties Union," and even his patriotism, for vetoing a 1977 bill that would have required teachers to lead students in the Pledge of Allegiance to the flag.

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careful, his manner upbeat and commanding, his message tough and convincing, his defense of his running mate, Senator Dan Quayle, strong and unwavering. After eight years in President Ronald Reagan's shadow, Mr. Bush has finally emerged as a formidable presidential candidate, not to be underestimated by the Democrats.

Still, everywhere he went, Mr. Bush was surrounded by what he called a "feeding frenzy" of news reports about Mr. Quayle's privileged background, undistinguished academic career and use of family influence to try to get into the Indiana National Guard.
Mr. Bush's advisers argued, perhaps wistfully, that his handling of the Quayle crisis has added to his stature.
"He's been tough," said Charlie Black, a senior campaign adviser. "He steadfastly defended Quayle. He showed real leadership."
Mr. Bush personally wrote the Quayle defense he used before the Veterans of Foreign Wars convention, where he said, "at least he didn't go to Canada, he didn't burn his draft card, and he damn sure didn't burn the American flag."

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There's been a real metamorphosis, said Alice Glen, one of Mr. Bush's most loyal aides during the last eight years, and now deputy press secretary. "There's been a tremendous burden lifted from his shoulders. He's more than Ronald Reagan's vice president; he is the Republican party nominee."
John Wilson, a retired furniture dealer who has supported Mr. Bush since the unsuccessful Senate campaign in 1964, speaking after a rally Friday in Longview, Texas, said: "He's better than I've ever seen him. He has improved so much. He's a better speaker; he looks more like a president. He is more on his own. He can finally say what he wants."
Mr. Bush, campaigning Saturday in Houston and in Dallas, said he "shifted gears in New Orleans" as

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much of that during his vice presidential years. "We had to keep them under wraps because of the contrast with the Reagan kids," an adviser said.
Under the instruction of his press adviser, Roger Ailes, Mr. Bush's speaking style has improved noticeably. He speaks more slowly. His voice is lower. His hand motions are more pronounced and controlled.
At the same time, Mr. Bush has developed a revised, punchier stump speech, one that allows him to hammer at Mr. Dukakis and talk comfortably about himself at the same time.
Poll results have been favorable as well. Mr. Bush, trailing Mr. Dukakis by a wide margin six weeks ago, has moved up dramatically in polls taken by the news organizations and by the campaign pollster Robert Teeter.
"The consensus is George Bush is slightly ahead," Mr. Black said. "We're in for a very close race."



During a campaign stop in Houston, George Bush showed his fellow Republicans that his boots bore the Lone Star flag of Texas.

Precedent Appears to Back Dukakis In Feud Over Pledge of Allegiance

By Linda Greenhouse
New York Times Service
WASHINGTON — For more than a week, Vice President George Bush has been taunting Governor Michael S. Dukakis for vetoing a Massachusetts law that would have required teachers to lead their classes in the Pledge of Allegiance to the flag.
Mr. Dukakis has replied that such a law would be unconstitutional and that Mr. Bush would not be qualified to be president if he had signed it.

Mr. Dukakis, in remarks last week, said the issue between him and the vice president was not the Pledge of Allegiance. The Massachusetts Democrat noted that he recited the pledge himself and encouraged schoolchildren to do so. Rather, he said, the issue was whether a chief executive, whether president or governor, could ignore a Supreme Court decision.
"If the vice president is saying he'd sign an unconstitutional bill," Mr. Dukakis said, "then in my judgment he's not fit to hold the office." Mr. Bush replied that he would have signed the bill and let the Supreme Court decide whether it was constitutional.

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Legal precedent seems to be on Mr. Dukakis' side. A 1943 ruling by the U.S. Supreme Court and subsequent decisions make it clear that state law cannot compel recitations of the pledge.
But it is also clear that much more than legal precedent is involved. For both presidential contenders, this is a debate over symbols and concepts that resonate as deeply with the present and future as they do with the past: the flag, the Supreme Court, the U.S. Constitution and patriotism.

The court's 1943 Barnette decision, which overruled one of the court's own precedents, was a constitutional landmark.
The court ruled in favor of students who, as Jehovah's Witnesses, were barred by their religion from reciting the pledge; as a result, they faced expulsion from schools and prosecution as delinquents.
Writing for the majority, Justice Robert H. Jackson said that it was inappropriate for the state to foster patriotism through "persuasion and example," but not by compulsion. "Compulsory unification of opinion achieves only the unanimity of the graveyard," he said.
The court has expanded on the Barnette opinion in the years since 1943, citing it, for example, in a 1977 ruling that New Hampshire could not compel residents to use automobile license plates with the state motto, "Live Free or Die," to which Jehovah's Witnesses also objected.

Quayle Exudes Confidence, Despite Controversies

By Maureen Dowd
New York Times Service
IRVINE, California — The toughest week of his life was coming to a close, and Senator Dan Quayle of Indiana was feeling very good about himself.
"I've always had a great deal of confidence in myself," said the Republican vice-presidential nominee in his hotel suite. "I had a great deal of confidence when I ran a very uphill race for Congress in 1976; a great deal of confidence when I gave up the safe seat and ran for the Senate, and I've had a great deal of confidence that I will begin to articulate the issues that the American people are interested in."
"I've always had a great deal of self-confidence, and you'll begin, if you haven't already, to see that."
Outside Mr. Quayle's suite, a star-struck woman was taking souvenir photographs of his luggage, just one of many signs of the senator's new celebrity.
Inside his suite, the senator was

posing for pictures with the family of Kenneth Klachigian, a veteran Republican speechwriter who is now spinning conservative messages for Mr. Quayle.
The senator, whom Vice President George Bush plucked from relative obscurity to bring glamour, youth and conservatism to the Republican ticket, said that, even in the midst of negative reports about his military and educational record, he had never considered dropping out of the ticket. He said he also did not worry about whether there would be any lasting damage from the controversies clinging to his fledgling campaign.
"Once I made the decision to fill out the forms and submit all the health records and tax records and personal data and all that to the Bush campaign," he said "that was a commitment that, if George Bush wanted me on the ticket, it was a go. When I say go, I never look back. Go is through Nov. 8."
The senator disagrees with those

Democratic pundits who say that Mr. Bush, the Republican candidate for president, and Mr. Quayle look more like a doubles team at a tennis tournament than a political ticket. He said he is pleased with the rapport that they have.
"I have a lot of respect for George Bush personally, respect for what he has done in public service and I show that," Mr. Quayle said. "I show it privately and I show it publicly."
It has been noted that Mr. Quayle, with the adoring smile he casts toward the vice president and with his own enthusiastic personality, makes Mr. Bush seem more statesmanlike when they appear together.
Many politicians felt that one of the lessons of 1984, when Geraldine A. Ferraro was selected as the Democratic nominee for vice president, was that never again should a party choose a candidate for a national ticket who would have to develop a national reputation on that ticket. But Mr. Quayle has a

Polls Depict U.S. Electorate as Fickle

By E. J. Dionne Jr.
New York Times Service
WASHINGTON — If Senator Dan Quayle was such an awful choice for vice president, why was George Bush doing so well in the polls last week?
Could it be that the electorate did not consider the senator so awful, or considered other issues to be more important?
Either way, rarely have the polls sketched a picture of such a fickle electorate.
In late July, after the Democratic convention, the polls indicated that the voters seemed ready to give the contest to Michael S. Dukakis in a landslide.
But after the Republican convention, they seemed to move in droves over to Mr. Bush. He held narrow leads in several major polls issued last week, despite the fact that many of the polls indicated that the public had generally negative views of Mr. Quayle.
This confusion in what amounted to the first real week of the formal election campaign may be a symptom of a quiet sort of political identity crisis in which Americans are wondering just what it is they want — and what the country

needs — after eight years of Ronald Reagan.
After all the talk about a Republican ascendancy, Republicans have to face the disquieting fact that the number of Americans who think of themselves as Republicans is not much different now from what it was in 1980.
The Bush and Dukakis campaigns speak constantly of "the Reagan Democrats" as one of the most important groups in the 1988 election.
The phrase describes the many people who defected from the Democrats, but it also illustrates what the Republicans have failed to do.
"Reagan is personally popular, but the party has gone nowhere," said Richard A. Viguerie, a Republican conservative and a direct-mail specialist. "There has been no realignment."
The polls lend some support to this view. In August 1980, according to a New York Times-CBS News Poll, 36 percent of the voters called themselves Republican or said they were independents leaning to the Republicans.
In November 1984, after Reagan's landslide, the Republican figure rose to 47 percent.

But in the latest Times-CBS News survey, conducted from July 31 to Aug. 3, the Republicans were down to 38 percent.
Although Americans generally like Mr. Reagan, his assessments of his presidency have varied widely over the past two years.
One of the most striking things in the recent polls is that Mr. Bush has risen at almost exactly the same rate as has approval of the president's performance. Mr. Reagan's ratings in some recent surveys were at their highest levels of the year.
Mr. Dukakis is trying hard to make the economy an issue, but his advisers acknowledge that this is a tricky proposition at a time when many voters feel reasonably well off.
If Mr. Dukakis's campaign is having trouble figuring out its strategy, Mr. Bush's campaign has known for months exactly how it wants to approach the electorate.
The Republicans are offering Mr. Bush as the candidate of peace and prosperity and Mr. Dukakis as the candidate of liberalism, a word the vice president uses as an epithet to refer to Mr. Dukakis's opposition to the mandatory recitation of the Pledge of Allegiance to the flag in the schools, his opposition to

Carlucci Bans Hiring of Consultants For Remainder of Reagan's Term

By Molly Moore and Sandra Sugawara
Washington Post Service
WASHINGTON — Secretary of Defense Frank C. Carlucci, bowing to a storm of criticism over the role of consultants to the military, has banned hiring of new consultants by all Pentagon agencies for the remainder of the Reagan administration.
A Justice Department investigation of contracting fraud, which includes reports that consultants hired by Pentagon contractors for inside information bribed officials for inside information to help their companies obtain contracts, has prompted criticism from some congressional leaders over the Pentagon's extensive use of outside consultants.
"Mr. Carlucci's order does not cover consultants hired by Pentagon contractors, the primary tar-

gets cited thus far in the nationwide investigation.
In a two-paragraph memorandum Friday to top Pentagon officials, Mr. Carlucci wrote: "In view of the recent attention given the employment of consultants by the Department of Defense, effective immediately and continuing through the remainder of the present administration, new individual consultant appointments may not be made by DOD organizations."
The investigation has not implicated any consultants hired directly by the Defense Department or military services.
Defense industry leaders and consultants expressed surprise over the announcement and said they were uncertain about the impact Mr. Carlucci's order would have on the consulting business.
"It's very upsetting," said John C. Rennie, president of Pacer Systems Inc., a Massachusetts company, and chairman of the Professional Services Council, a trade group. "We had no warning."
Referring to consultants who help obtain contracts, Gary D. Engbreton, executive director of the Contract Services Association, another trade group, said: "I know they need to investigate the paper writers."
Mr. Engbreton noted, however, that many consultants to the Pentagon provide technical engineering services and are not involved with contracts. "I would hope they are not in this directive," he said.
Mr. Carlucci said that exceptions would be granted to "accommodate special problems."
The Pentagon reported this summer that it expected to spend \$3.8 billion on outside consultants this year.

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Chairmen: Axel Krause, Corporate Editor/International Herald Tribune; Albert Wijningshof, Chairman, Noordervliet & Wijningshof/Leo Burnett, Amsterdam

Planning and Marketing Services, UNISYS, Europe, Africa, Ltd., London
Telecommunications
Colin Brown, Director, Corporate Relations, UK and International, British Telecom plc, London
DISCUSSION
12:15 EUROPEAN UNITY VS NATIONAL SOVEREIGNTY: A POLITICAL VIEW
Lord Jenkins of Hillhead, former President, European Commission
13:00 Luncheon
MARKETING COMMUNICATIONS IN THE SINGLE MARKET
14:15 A TASTE OF FUTURE KNOWLEDGE: A MEDIA PRESENTATION
Nick Handley, Associate Media Director, Head of International Media, Leo Burnett, Europe and Middle East, London
14:45 FORECAST FOR THE EUROPEAN MEDIA
Dietrich Gintel, Vice President, International Sales, Cable News Network and Member, IAA Global Commission on Media, New York; Charles Levinson, Managing Director, Virgin Broadcasting, former Managing Director, Super Channel, London
15:30 1992: THE IMPLICATIONS FOR AGENCY/CLIENT RELATIONSHIPS
Kerry Rubie, Regional Managing Director, Leo Burnett, Europe and Middle East, London
DISCUSSION
16:15 CHAIRMAN'S CLOSING REMARKS
16:30 CLOSE OF CONFERENCE

Herald Tribune

REGISTRATION INFORMATION
The fee for the conference is £250 or the equivalent in a convertible currency. This includes lunch, cocktails and conference documentation. Fees are payable in advance of the conference and will be returned in full for any cancellation that is postmarked on or before September 20th. Cancellations after this date will be charged the full fee. Substitutions may be made at any time.
Please return the registration form to: International Herald Tribune, Conference Office, 63, Long Acre, London WC2E 9JH or telephone (441) 379 4302 or telex 262009.

CONFERENCE LOCATION: The Marriott Hotel, Stadhouderskade 21, 1045 ES Amsterdam, The Netherlands. Tel: (31-20) 83 51 51. Tlx: 15087. Fax: (31-20) 83 38 34. A limited number of rooms has been reserved for participants at preferential rates. Please contact the hotel directly.
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Violent Cocaine Trail Takes A New Turn, Through Brazil

By Alan Riding
New York Times Service

RIO DE JANEIRO — For U.S. drug experts — watching as the rising power of the cocaine barons spread violence and corruption along the Andean backbone of Latin America — shuddered at the thought that Brazil might someday be drawn into the narcotics trade.

They noted that Brazil's 9,100 miles (14,700 kilometers) of land borders, its 4,600 miles of coastline and its superior air and maritime connections could make it an ideal transshipment point for cocaine headed north from Colombia, Peru and Bolivia.

They even cautioned the Brazilian authorities — who, to the eyes of the Americans, seemed unconcerned — that their vast nation could become a producer of coca leaf and a refiner of cocaine.

They warned that Brazil might become entangled in the cycle of drug abuse and organized crime that has ensnared its neighbors to the west, notably Colombia and Bolivia.

Today, at a pace that is alarming the local and foreign police, those dark forecasts are coming true. Brazil has emerged as the most important new player in the international narcotics trade, with a role in every stage of the drug chain, from production to consumption.

The American warnings went mostly unheeded, and the Brazilian federal police must now confront the spread of drug smuggling without the resources, experience or political backing needed to take on an aggressive drug syndicate that has clearly seized the initiative.

"The situation is critical, really critical," said Claudio Barrozin Mello, the chief of the narcotics division of the federal police in Rio de Janeiro. "I have only 18 agents here, and we have only 300 in all of Brazil. Everything favors the traffickers."

The United States has increased the money it contributes to anti-drug efforts in Brazil from \$200,000 in 1985 to \$2.2 million this year. That financing has enabled the federal police, considered competent and honest by foreign specialists, to mount an operation this month to expand searches for narcotics at major airports.

Seizures of cocaine have risen from about 200 pounds in 1981 to 10 times that amount last year. In the first six months of this year, about 2,000 pounds were seized. But a sense of despair is setting in as the dimension of the problem becomes clear. "Ten years ago, one kilo was considered a big seizure," Mr. Barrozin said. "Today, the shipments are of hundreds of kilos.

And we catch only a tiny percentage of them."

Already, in Rio de Janeiro, narcotics have become a political problem because of the power that armed drug gangs have over the sprawling hillside shantytowns, known as *favelas*, that serve as local distribution points for cocaine. In June, the state government ordered the police to raid Rocinha, the largest *favela*, but many other poor sections are still under the control of the gangs.

What most worries narcotics experts is the extraordinary difficulty in monitoring drug activities in a country the size of Brazil, which is only slightly smaller than the United States. Brazil's 2,000-mile land border with Bolivia is about as long as the boundary between the United States and Mexico.

The country, South America's largest, has borders of about 1,000 miles with Peru and 1,040 miles with Colombia, and it is also connected to those two countries by the Amazon River and by dozens of its major tributaries.

The mid-1980s also saw the expansion of the cocaine market in Western Europe, and Brazil has better air and sea connections and greater trade with the Common Market nations than any other Latin American country. And with the street price of cocaine three times higher in Amsterdam than in New York, for example, traffickers had a strong incentive for developing Brazil.

The smugglers began diverting more cocaine through Rio de Janeiro to parts of southern Brazil within reach of major air and sea ports. The drugs were shipped by small aircraft from Bolivia or Paraguay, or hidden in cargo carried by ocean-going vessels that ply the Amazon River from Colombia and Peru into Brazil.

With Colombian traffickers apparently still in control, processing laboratories were set up inside Brazil to take advantage of the easier access to chemicals, principally ether and acetone, used to turn coca paste into pure cocaine. The chemicals are manufactured in Brazil but not in the neighboring countries.

The coca leaf is grown by Indians, who are paid by the traffickers.

Ariane to Lift U.S. Satellites

PARIS — Western Europe's Ariane space rocket will launch two U.S. satellites from its French Guiana base Sept. 8, Arianespace, the European Space Agency's commercial arm, said Saturday.

in tiny jungle clearings far from civilization but close to a series of rivers connecting the two countries.

This month, with the aid of the United States, the federal police are carrying out their annual eradication effort. Five 10-man teams of drug agents take to the jungle, pulling out the coca plants by hand. Last year, the police said they destroyed five million plants near the Uaupés River. This year's effort is being pressed further north, along the Içana River.

"These are impossibly difficult operations because you're working in the middle of nowhere," a foreign drug expert said. "You need to mobilize the navy and air force, and they're not always cooperative. For the traffickers, on the other hand, it's very easy. They pay the Indians with clothing, machetes and food, but risk nothing."

With Brazil's drug problems expected to grow, the federal police are lobbying the government for more resources and a greater role for the armed forces in the anti-drug effort.

But many officers express frustration.

"When I came here last year, I thought I could do something," said Antonio Martins Perez, a federal police chief in the western state of Mato Grosso, which borders on Bolivia. "But all my budget goes on wages and rents. In practice, I have one inspector in charge of the anti-drug battle in a state larger than most countries."

CHOICE: Bush's Team Is Split on Wisdom of Process That Led to Quayle's Selection

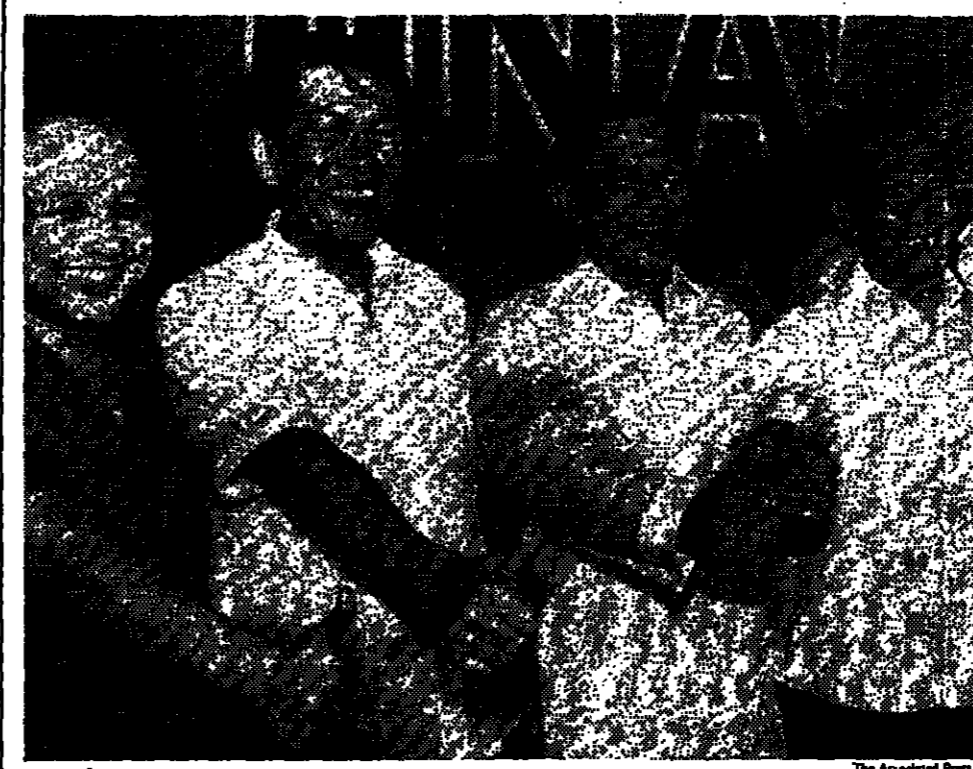
(Continued from Page 1)

by postmidnight huddles of exhausted, inebriated politicians in smoke-filled hotel suites; by a process of personal interviewing and political consultation in advance of the convention, such as the last two Democratic nominees have used; and, occasionally, by the uncoerced vote of the convention delegates.

But rarely, if ever, has a presidential candidate made a decision of this import in such total privacy, shielding his thought processes from his closest associates in the way that Mr. Bush did.

Interviews last week with many of those in his inner circle — but not with Mr. Bush or Mr. Quayle — confirmed that throughout the process, the Republican presidential nominee managed to cloak his intent from those whose assistance and views he solicited in reaching his decision.

Whether he did so at the cost of depriving himself of valuable counsel is a question on which his associates are divided, just as they are



The Associated Press
Vice President Salvador H. Laurel, 34 from left, at the inauguration of the new rightist coalition, the Unity for National Action in Manila. With him, from left, are the Filipino Moslem leader, Abul Khyer Alonto, Senator Juan Ponce Enrile and former senator Arturo Tolentino.

Laurel Forms Coalition Against Aquino

MANILA (UPI) — Vice President Salvador H. Laurel has announced the formation of an opposition alliance of rightist politicians seeking to replace the government of President Corason C. Aquino and to retain the U.S. military bases in the Philippines.

Most of the several dozen politicians who appeared with Mr. Laurel at a news conference Saturday to announce the formation of the Union for National Action were members of the cabinet

of Ferdinand E. Marcos, the former president. Mr. Laurel said he accepted the leadership of the "coalesced opposition" to head the campaign to oust "a blundering and amoral administration that has betrayed the people."

Mr. Laurel, 57, broke with Mrs. Aquino a year ago when he resigned as foreign secretary over "fundamental differences" in the handling of the 19-year-old Communist insurgency and Mrs. Aquino's position on the needs of the military.

FBI and NASA Probe Slashes in Rocket Seals

By Philip M. Boffey
New York Times Service

WASHINGTON — Suspicious cuts in some O ring seals intended for use in space shuttle booster rockets, in which they are a vital component, have touched off a federal investigation, officials say.

However, the National Aeronautics and Space Administration's Marshall Space Flight Center in Huntsville, Alabama, which oversees the booster rocket program, stressed that "extensive inspection and quality control procedures are in place that would prevent any damaged O ring from getting into the shuttle flight program."

It said these inspection procedures, which include visual inspection, X-raying, and laser measurements, caught the damaged O rings "before they ever left the manufacturer's plant."

The inquiry is being led by the FBI, with assistance from the inspector general of the space agency, officials said.

The damaged O rings were detected in June by quality-control inspectors for Hydrapak Inc., a small company in West Jordan, Utah, that fabricates the O ring seals from materials supplied by another company.

James Dockstader, vice president for operations at Hydrapak, said the cuts were "very obvious," they were found by routine visual inspections at the plant and they affected "very few O rings."

Mr. Dockstader said the cuts found in June appeared to be deliberate. He said that Hydrapak im-

mediately scoured the damaged seals and informed Morton Thiokol Inc., which builds the booster rockets. He said that no damaged seals were sent to Thiokol and that no tests of the shuttle were held up by the problem.

The seals act as barriers to block the escape of hot gases through the joints where separate segments of the booster rocket are fitted together.

The loss of the space shuttle Challenger in January 1986 was attributed in significant part to a failure of the O ring seals, which allowed hot gases to escape out the side of the rocket and cause a configuration.

After the discovery of the damaged O rings, Hydrapak conducted its own investigation and immediately called in both the FBI and NASA, which are investigating the incident, Mr. Dockstader said.

A Thiokol spokesman, Rocky Raab, said the company carefully inspected all the O rings it received and had not found any problems. He added that "the situation has resulted in no particular danger."

Mr. Raab said, "There is virtually no possibility that any damaged O ring has ever gotten into the flight hardware."

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DER SPIEGEL

Next Rangoon Regime Will Face Rough Going

By Keith B. Richburg
Washington Post Service

BANGKOK — Whatever government eventually emerges in Burma from the ruins of U Ne Win's crumbling regime will face the daunting job of quickly mending an economy nearly bankrupt from two decades of mismanagement and of maintaining a precarious racial and ethnic balance, according to diplomats based in Rangoon and political analysts in Bangkok.

the economy to urban-based Chinese and Indian traders was one factor that led to massive nationalizations in the first place, causing several hundred thousand Indians and Chinese to leave Burma. Still, according to various estimates, some 200,000 Chinese and nearly a half-million Indians remain.

One Rangoon-based Western diplomat said, "One of the reasons for socialism is the fear of the Burmese that if you open up the economy, it will be the Chinese and the Indians who will benefit."

NEWS ANALYSIS

Burma's next rulers, whether civilians drawn from the ranks of the protesters or, perhaps more likely, junior military officers backing change who might stage a coup, will also have to contend with a politically galvanized population that has heightened expectations for rapid change and better living conditions.

One Burma expert in Bangkok said, "They have to immediately repair the economy — peace and prosperity in a few months — or any new government is going to have a difficult time."

He said President Corazon C. Aquino's troubles in the Philippines demonstrated how the dramatic national catharsis of a "people power" revolution could lead to disillusionment and continuing instability if the new leadership did not bring quick results.

Some analysts as well as Burmese exiles suggested that the tattered shape of the economy might be the only factor inhibiting the military from taking power now.

"The senior officers are not educated," said one exile in Bangkok. "They have no idea how to implement economic reforms, how to attract foreign investment."

The next Burmese leadership will inherit mounting demands for services, sluggish growth in the important agricultural sector, a scarcity of foreign exchange and a huge and unwieldy public sector that has left all key segments of the economy under the control of inefficient state-run monopolies.

U Ne Win, who ruled Burma for 26 years, nationalized all commerce and industry immediately after seizing power.

The student-led protesters have listed economic liberalization as one of their principle demands. But diplomats and the analysts in Bangkok cautioned that although a new government might try to ease state control, it would have to move delicately for fear of igniting racial tensions between ethnic Burmese, who are a majority of the population, and Chinese and Indian minorities, who would likely be the first to take advantage of any increase in allowable private-sector activity.

Burmese nationalism and a xenophobic fear of losing control of

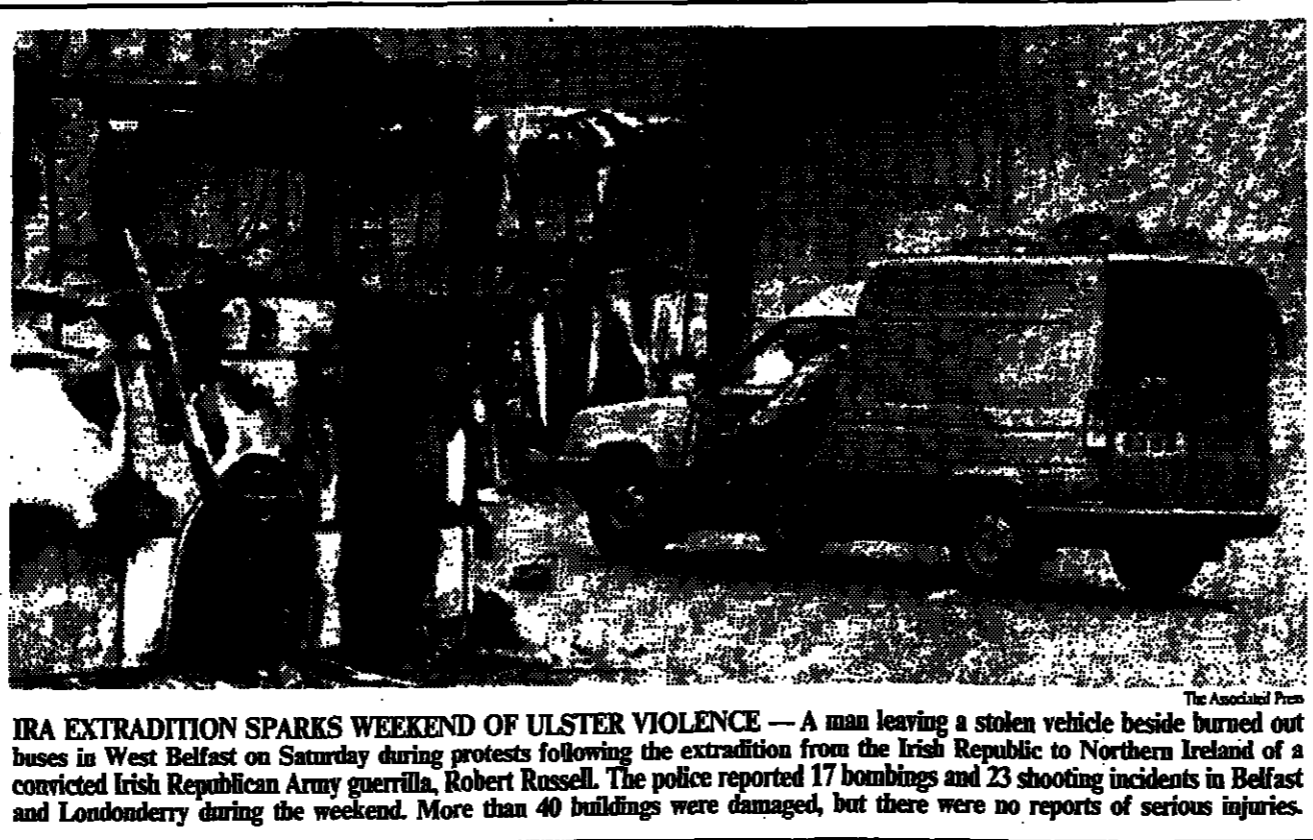
Even U Ne Win's unraveling regime appeared to belatedly recognize the need for some decontrol.

In August 1987, U Ne Win reportedly told senior aides that "times have changed and are changing, so we need to catch up with the times." And he hinted that changes may be needed in the country's 1974 constitution that legitimized his Socialist, one-party state.

The next month, the government lifted controls on private trade in rice and other basic foods, a move that was hailed at the time as a hopeful, if tentative, first step toward economic change.

"They don't have the technology to do it, and Ne Win would never allow the foreign devils to do it," one Western diplomat said. He estimated that the country produced about 14,500 barrels of oil each day, less than half of the 30,000 daily barrels it needs to function.

Analysts cautioned, however, that the next Burmese leadership was still likely to maintain tough restrictions on foreign companies. Intense nationalism, socialism, and a fear of foreign intrusion were dominant themes in the country's post-independence politics even before U Ne Win seized power.



IRA EXTRADITION SPARKS WEEKEND OF ULSTER VIOLENCE — A man leaving a stolen vehicle beside burnt out buses in West Belfast on Saturday during protests following the extradition from the Irish Republic to Northern Ireland of a convicted Irish Republican Army guerrilla, Robert Russell. The police reported 17 bombings and 23 shooting incidents in Belfast and Londonderry during the weekend. More than 40 buildings were damaged, but there were no reports of serious injuries.

STUDENTS: In Rangoon, the Union Is Re-established as Fears Increase

(Continued from Page 1)
"No one is working. Nothing is getting done. Nothing is happening."

Residents said most shops were closing early and that gasoline and some other basic commodities were in short supply.

Rail and air service within the nation has been halted and strikes have left factories crippled, oil refineries closed and foreign ships stranded in Rangoon's river port, diplomats said.

A tourist who returned from the city of Pegu said local administration was not functioning and that a committee of students was running the affairs of the city, about 50

miles (80 kilometers) northeast of the capital.

There were unconfirmed reports that the nation's second-largest city, Mandalay, was being administered by a committee of Buddhist monks.

Reflecting the mood of uncertainty, one Western diplomat suggested that the government might intentionally be allowing anarchy to develop, in order to prepare the way for a reassertion of its power.

The atmosphere of nervousness has even led to rumors that the government was behind the prison breakouts as a means to punish and unsettle the population, the arriving Burmese said.

Meanwhile, newspapers, two of them in English and four in Burmese, reappeared after three days during which they had not published. They carried reports and, for the first time, photographs of anti-government demonstrations. One journalist reportedly said he and his colleagues had returned to work only on the condition that they be allowed to write freely.

Witnesses reported that the army remains on guard at the main government buildings and the house of U Ne Win, the deposed ruler.

"They would certainly open fire if attacked while guarding the protect," a diplomat said. "Otherwise the policy seems to be not to shoot."

CRASH: 38 Are Killed as Planes Collide at Air Show

(Continued from Page 1)
flights by allied planes was rejected by critics as being insufficient.

In addition, air shows themselves have a history of disasters in West Germany. In May 1983, a Canadian jet fighter went out of control during an air show at the Rhein-Main airport in Frankfurt, crashing into a highway and striking a car containing a minister and his two children, all of whom were killed.

The worst death toll was in September 1982, when an American

helicopter exploded during an air show in Mannheim, killing the 46 men aboard, including Britons, Frenchmen and West Germans.

Following Sunday's accident, the Green Party urged Mr. Scholtz to ban all military air shows and low flights. "It is terrible when one's fears turn into bitter truth," the party said in a statement.

The head of the opposition Social Democratic party in Rheinland-Pfalz, the state where Ramstein is located, urged that the government "finally put an end to

the life-threatening nonsense of military air shows."

Crash at Belgian Air Show
A Finnish military training aircraft crashed at an air show Sunday, killing the pilot. The Associated Press reported from Brussels. It was the second fatal crash at a Belgian air show in three weeks.

Witnesses said the plane failed to come out of a spin and fell to the ground.

Officials said the plane was flying too low for the pilot to use his ejection seat.

POLAND: Party Agrees to Talk With 'Legal' Groups

(Continued from Page 1)
political strategy at a hurriedly assembled meeting of the Communist Party Central Committee, suggested that a "round table" of talks announced by the government Friday night could lead to the formation of a "council of national agreement" that would work on a platform for the next parliament.

However, Mr. Czerwinski ruled out a return to the trade union pluralism under which Solidarity existed in 1980 to '81, saying the experiment "ended badly for both the trade union movement and for Poland."

Statements by Mr. Czerwinski, the economic leader Wladyslaw Baka, and General Jaruzelski appeared to leave little room for new agree-

ments with Solidarity and Mr. Walesa, whose prospective participation in the new talks has been the most important sign of a promised "bold revision" of government policy.

Final agreement on the talks between General Kiszczak and Mr. Walesa is still blocked. The government insists that Solidarity first end strikes in the ports of Szczecin and Gdansk, and at two Silesian coal mines.

Mr. Walesa said he will call for an end to the strikes once talks begin, the sources said.

Solidarity and the government have not yet agreed on who else would take part in the talks, but sources said the group would be small and might include representatives of the Catholic Church.

Tamil Rebels Kill 11 in Sri Lanka

(Continued from Page 1)
COLOMBO — Eleven people were killed, including four Tamil rebels and an Indian Army officer, in separate incidents in Sri Lanka during the weekend, police and military reports said Sunday.

The police said gunmen from the People's Liberation Front barged into the house on Sunday of a man whose family was alleged to have killed four of the front's members and shot him to death, along with his wife and two other men. The incident occurred west of Matara in the south, two days after the four front members were killed in the area.

The liberation front also shot to death Sunday a follower of a political party supporting a current Indian-Sri Lankan pact to end the separatist Tamil conflict.

As Recession Deepens, Norway's Loud Rightist Gains in Poll Popularity

By Karen DeYoung
Washington Post Service

OSLO — Blond and baby-faced, Carl I. Hagen is a veritable cherub of a man. But when he levels his righteous gaze and begins to speak, the true believers jump to attention and shout "amen."

Mr. Hagen, 44, is everything a successful politician in this cold and proper country is not supposed to be. Loud, brash and charismatic, he is a self-acknowledged media hog who lets no photo opportunity pass.

He says holding government office does not interest him at the moment; he would much rather be lobbying brickbats from the outside.

Yet in little more than a year, Mr. Hagen has traveled from the political fringe to become the favorite of as many as 24 percent of Norway's voters, according to recent polls. That figure would put his Progress Party ahead of the traditionally second-place Conservatives, and close behind the governing Labor Party.

His ascent has been all the more surprising since he is an unabashed rightist in a party of the West where socialism has planted its deepest roots. He is against immigration, taxes and big government, and his heroes range from Adam Smith to Ayn Rand and Milton Friedman.

Mr. Hagen "has found an empty part of the stage, and he has captured it," said a sociologist and political analyst, Gudmund Hernes. "He has become the foremost social critic in Norwegian politics, a role that used to be the prerogative of the left."

For most of this century, social democracy, high taxes, extensive public ownership and a cradle-to-grave welfare system have been the preferred elements of government in Scandinavia.

Sparsely populated and resource-rich, the Nordic countries have also shared their wealth with other nations and operated virtual open-door policies for immigrants and asylum-seekers.

In Norway, the precipitous drop in North Sea oil revenues has sent shock waves through all sectors of the heavily state-run economy.

House prices soared, along with interest rates and inflation. For the first time in postwar memory, there are waiting lists for public hospitals, and old-age pensions have not been fully funded, a glaring situation for the many Norwegians who are in the top tax bracket of 56 percent.

One target of Norwegian public anger has been immigrants, whose numbers, although still relatively small, have increased as neighboring Denmark and Sweden have restricted immigration. Scenes of families from the Middle East and South America crowding Oslo's Fornebu Airport seeking asylum last year were commonly featured in newspapers.

Norway enjoys nearly full employment, and no one claims the immigrants are taking jobs away from Norwegians. But governmental largesse toward the newcomers

has become an acknowledged national embarrassment.

Much publicity has been given to a government practice of housing immigrants, free of charge, in mountain resorts while their applications are being processed. "It was recently revealed, to the surprise of many Norwegians, that eighty-nine rules for government-financed home purchases put immigrants ahead of every social category except the handicapped."

Enter Mr. Hagen. He's against crime and immigrants. He's for less bureaucracy, lower taxes, fewer state subsidies and more private sector participation in the supply of social services.

He wants better schools and stricter discipline for Norwegian youth. He promises to weed out the weak, the incompetent and the indecisive in government.

According to Mr. Hagen, Norway's two major political blocs "have shown a demonstrable inability to solve problems concerning the Hanssens and the Olesens, the Norwegian version of the Smiths and the Joneses."

"The only alternative left," he says with typical boastfulness, "is me."

Mr. Hagen founded the Progress Party in 1973 after a stint at a British commercial college and several years as the Norwegian representative for a British sugar company. His party's share of the vote never went above 5 percent, however.

All that began to change in local elections last December when the party received 12.2 percent of the vote cast. Surveys this summer indicate it now has the support of between 16 and 24 percent of the electorate, with national elections due next year.

Twice in the last two years the party voted against higher taxation measures that ironically would have guaranteed Conservative control of the government. In short, Mr. Hagen has not endeared himself to other party.

Mr. Hagen is unapologetic about either the style or the substance of his message. Referring to state aid, he said, "I tell the farmers they get too much money. I tell the young people they get too much. But I do it properly. If it means stepping on toes, I jump on them."

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THE BELLE EPOQUE

IN THE PARIS HERALD

by Hebe Dorsey
Eye-witness accounts of a shimmering era and its beautiful people — dazzling scandals — and crazy crazes — including the horseless carriage and flying machine!

Long-time Trib fashion editor, Hebe Dorsey went into the archives of the old Paris Herald (original name of today's Trib) and collected the great news stories of the turn of the century — along with fabulous, gossipy tid-bits, records of notorious galas, stunning fashions, gentlemen's duels and "crazy inventions."

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IDIOMS: Russians Adopt a Language of 'No-Know'

(Continued from Page 1)
language, he said, was, as the Russians say, "myt problem."

"This is false patriotism not to accept foreign words," Mr. Svartsov said. "This way of thinking leads to isolationism and stagnation."

Russian has long been, as Mr. Svartsov points out, the most hospitable of languages. The French Revolution, the English industrial revolution, the German philosophies all left their mark on the language. Prominent Russians from Pushkin to Lenin borrowed greatly from European tongues.

More recently, America has been the great font of imported idiom. Russian has absorbed the lingo of jazz, rock and consumerism through its young, Westward-yearning hipsters and black-marketers.

It has borrowed from American politics and public relations such expressions as "briefing," "establishment" and "press rili."

Mr. Svartsov said that young people now made class distinctions in English. The privileged *zolotaya molodyozh* — Russian for "golden youth" — were now simply called

"golden," and children of middle-income families were "middeli."

But while earlier waves of intruders entered surreptitiously, through the counterculture, the latest invasion seems to have official blessing.

Mr. Gorbachev, who has done more than any of his recent predecessors to correct the linguistic trade balance by exporting *glasnost* and *perestroika*, often laces his own speeches with Western imports.

For example, Mr. Svartsov credits the Soviet leader with giving wide currency to "pluralizm" to denote a healthy variety of opinions.

The linguist's ears also perked up when he heard Mr. Gorbachev talk recently about the need to *delegirov* authority. Before, he said, that verb was used to mean elect a delegate to a legislative position, not in the more Western sense of sharing responsibility.

Mr. Gorbachev's policy of glasnost, the tolerance of freer expression, has created a demand for words to express things that were not talked about before. Now the press writes about the "Mafiya" and the criminal "rekket" in "dorkotiki."

During protests in the Armenia Republic, those who carried picket signs were called "mishchiki."

But it is in the area of business and industry that English has become most pervasive.

"In computer terminology, there's nothing but English," said Richard Robin, a Russian-language professor at George Washington University in Washington.

"Printer, printer, dzhoistik, diketta, verd proresser."

Business terminology that had been used mostly by specialists is now entering everyday use, sprouting new forms and acquiring a positive "imechzh."

"Marketing," pronounced here with the emphasis on the second syllable, appeared the other day in a headline on the front page of Izvestia, the government newspaper.

Recently a Soviet television correspondent in a report on overachievers in Japan, combined the Russian word for work, *trudno*, with an imported suffix that derives from "alcoholic" and came up with a hybrid as alien to the modern Soviet Union as the concept it describes: "rabotagolik."

INTERNATIONAL CLASSIFIED

(Continued from Back Page)

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FROM MEDICAL SYSTEM

MONDAY AUGUST 29, 1988

WALL STREET

Digital Equipment Fell to Earth

By LAWRENCE J. ...

Digital Equipment Corporation's stock price fell sharply last week, dropping from \$100 to \$75. Analysts cited concerns over the company's earnings and its heavy investment in research and development.

The company's revenue fell 10 percent in the second quarter compared to the same period last year. Analysts believe this is due to increased competition and higher costs of components.

Digital's stock price has been volatile since its initial public offering in 1985. The company has a strong track record of innovation, but investors are becoming increasingly concerned about its profitability.

Analysts predict that Digital's stock price will continue to fluctuate in the coming months as the company navigates through these challenges.

THE BELLE EPOQUE IN THE PARIS HERALD

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FROM MEDICAL SYSTEMS MONDAY AUGUST 29, 1988

WALL STREET WATCH

Digital Equipment Stock Fell to Earth, Kept Going

By LAWRENCE J. DeMARIA New York Times Service NEW YORK — Many stocks have come down to earth since the market peaked on Aug. 25, 1987, but few have made a third as loud as Digital Equipment Corp., which has fallen back to 1986 levels.

The wonder is all of these people who have held it all the way down, said Justin Mammis, chief technical analyst for Coten & Co. Not many people are blaming Digital, a premier growth company many analysts still recommend, although some have estimates for the company.

Digital may prosper while its stockholders may not.

But why has an average 10 percent reduction in projected profit led to a 50 percent plunge in the stock's price? "That's a million-dollar question," said Carol E. Muratore, who follows Digital for Morgan Stanley & Co. and has recommended the stock all year.

Actually, it is a multibillion-dollar question. Since the peak 1987 price of \$199.50, Digital's 127.8 million common shares have lost almost \$14 billion in market value.

The answer is that Digital has experienced the downside of being a big institutional favorite. It has been regarded as a proxy for the market and the economy at a time when institutional investors have doubts about both.

A comparison with Digital's main rival, International Business Machines Corp., shows that IBM is five times larger than Digital in annual revenue (more than \$50 billion for IBM, compared with more than \$9 billion for Digital) and in profit (more than \$5 billion for IBM, against more than \$1 billion for Digital).

But because Digital's main customers are Fortune 500 companies, many observers have said they considered it a better stock market and economic barometer than IBM.

In good times, institutions own about half of IBM's 591.6 million common shares, but about 75 percent of Digital's stock.

WHEN THE MARKET is surging, both stocks typically run way ahead of the pack. But when the market turns bad, and both stocks are dumped, Digital falls more sharply. IBM's stock is off about 40 percent from its peak last year and would presumably be down even more if hundreds of thousands of small owners were not loyally hanging on.

"We're talking about a stock that did not rally well after the crash," Mr. Mammis said. "It's the only major name that's below its crash lows. That is what happens when you have an over-owned stock."

"It's an institutional darling that has gone sour, with a vengeance," he added. As a technical analyst, Mr. Mammis is more concerned about Digital's stock action than such fundamental gauges of performance as sales, profit and cash flow.

But he contended that, with the fundamental analysts scaling back their optimism about Digital, there was even less reason to own the stock at its current price. "I've got a target of \$80 to \$85," Mr. Mammis said.

But Ms. Muratore of Morgan Stanley said the company was a good buy now, even though "Digital is something of a lightning rod for concerns about the stock market, for concerns about the economy."

She estimated that Digital would earn \$11 a share in fiscal 1989, which ends next June. In the fiscal year just ended, Digital earned \$9.90, which means that the stock is selling at less than 10 times its earnings for its latest 12 months.

While few analysts said they expected the stock to sell again at the price/earnings ratio of 23 it hit at one point last year, a more normal multiple of, for example, 13, would put the stock at around \$140, if Ms. Muratore's earnings forecast proved correct.

Ms. Muratore said Digital's strength was selling computer networks to increasingly decentralized American corporations. "IBM's approach has been centralized computer systems," she said. In contrast, Digital, through its VAX computers and its software, helps companies connect all sorts of personal computers for many applications.

While IBM is the mainframe king, Digital's networks permit corporations to use even their IBM computers better, Ms. Muratore said. "Digital has moved out of the minicomputer ghetto," she said. "Digital's networks basically make PCs more useful."

Just last week, Digital announced a new hardware-software See DIGITAL, Page 11

Carl Gewirtz is on vacation. His Eurobonds column will resume in September.

U.S. Sets 10 Thrift Mergers

Almost \$1 Billion Pledged to Deals

By Nathaniel C. Nash New York Times Service WASHINGTON — The Federal Home Loan Bank Board has committed almost \$1 billion to assist the merger of 10 insolvent savings institutions with healthy units, bringing to 87 the number of thrifts liquidated or transferred this year.

The mergers, announced Friday, were the fourth major set of rescues the bank board has announced in the past two weeks, with assistance totaling more than \$8 billion.

In the largest of the new transactions, Merabank of Phoenix, a subsidiary of Pinnacle West Capital Corp., will buy State Federal Savings & Loan Association of Lubbock, Texas, for \$20 million in cash.

That investment by Merabank was the only outside capital that the bank board was able to find for the 10 takeovers.

The risks of taking over some insolvent institutions are so great, industry observers said, that investors do not want to commit their funds. These analysts said the bank board would have to continue giving away insolvent institutions — and even paying to have responsibility for them taken away.

The bank board's Federal Savings & Loan Insurance Corp. will provide at least \$85 million in assistance for the Merabank-State Federal transaction. The deal was the eighth arranged under the bank board's Southwest Plan, a strategy for consolidating more than 100 insolvent savings and loan associations in that region.

In another sizable transaction, the bank board agreed to transfer ownership of six insolvent institutions in Minnesota and Iowa to Metropolitan Federal Bank of Fargo, North Dakota, which is a subsidiary of Metropolitan Financial Corp., and to provide \$299 million in assistance.

Metropolitan Federal, which has assets of \$2.3 billion, was able to assume ownership of the six without putting up any cash of its own. The bank board's aid includes a \$280 million FSLIC note and guarantees against losses on certain assets.

The deal with Metropolitan Federal involved the five remaining insolvent savings institutions in Minnesota: First Federal Savings & Loan Association of Brainerd, with \$92.5 million in assets; First Federal Savings & Loan Association of Grand Rapids with \$107.2 million; First Federal Savings & Loan As-

See THRIFTS, Page 13



A strip-mining site in Arizona owned by Phelps Dodge, the largest U.S. copper producer.

Copper Prices Begin Rebounding But Analysts Expect Cost of the Metal to Stabilize

By Jonathan P. Hicks New York Times Service NEW YORK — After slipping for several weeks, copper prices have begun to rebound again because of a renewed tightening of supplies brought on in part by copper workers' strikes in Peru and Canada.

But analysts expect prices to stabilize at a level that will not bring further harm to copper users, who have seen prices climb sharply over the past year, or significantly hurt the surging profits of copper producers.

In the past two weeks, copper spot prices have climbed above \$1 a pound for the first time since late July, when prices sagged as low as 94 cents a pound. On the Commodity Exchange in New York on Friday, the spot price of copper closed at about \$1.03 a pound, up 0.8 cent from the previous day and 2.5 cents from two days earlier.

On the London Metal Exchange, the spot price of copper was up 2.5 cents a pound, to \$1.09. In response to the higher prices, Phelps Dodge Corp., the largest U.S. copper producer, raised its spot price Friday by 3 cents, to \$1.09 a pound. Other producers are likely to follow suit, analysts said.

But analysts and industry executives predict that in the near future copper prices will not again reach the high point of \$1.40 a pound of the last year. In fact, there are widespread forecasts that the price of copper will fall to 80 to 90 cents a pound by early next year and remain in that range for much of the year.

"The industry seems to think that the current prices are fragile," said Thomas D. Kaufmann, an economics professor at the Colorado School of Mines. "As far as the long-term outlook, I think we're in the midst of an inflationary situation. In the meantime, the demand will go up and down with the business cycle, and a recession will push the price of copper way down, perhaps as low as 60 cents a pound."

If those predictions come true, it will be welcome news for makers of products ranging from automobile radiators and extension cords to plumbing equipment and copper pots and pans. In the past year, the prices they paid for copper, mostly bought on a more favorable contract basis, soared, to around \$1.40 a pound from about 60 cents.

At the same time, the lower prices would not seriously threaten producers, analysts said, citing the significant profits that copper companies are making with prices at the current levels. For years, copper producers, facing oversupply and weak demand, had suffered from low prices and huge losses.

Since 1983, the industry has been shaken by strikes, work force reductions, and mine and factory shutdowns that have slashed its production. See COPPER, Page 11

U.S. and Japan Study Idea of Free-Trade Pact

TOKYO — The United States and Japan are exploring the possibility of a free-trade pact that would guide their economic relations into the next century.

While an agreement, if any, is still years away, officials from both sides said the effort to map out the future could prove useful in avoiding the pitfalls of the past.

"We ought to get away from this nickel and diming way of conducting trade negotiations on one issue or a group of issues," said Mike Mansfield, the U.S. ambassador to Japan.

That approach has only spawned resentment on both sides and has thus far done little to reduce the yawning trade gap between the two countries, analysts said.

The U.S. International Trade Commission, springing at the behest of the Senate Finance Committee, headed by Lloyd Bentsen, the Democratic vice presidential hopeful, recently launched a formal investigation into the issue.

In Japan, at least four government ministries have begun to look into the question of a pact that would abolish trade barriers between the two nations. The Foreign Ministry hopes to lead a government-wide study later this year.

The ministry launched its own investigation after the U.S. Senate Majority leader, Robert C. Byrd, a West Virginia Democrat, raised the issue with Prime Minister Noboru Takeshita in January.

An interim report completed this summer adopted a positive attitude toward the idea of a free-trade pact, officials said.

"Official-driven relations aren't very healthy," a Foreign Ministry official said. "It may be the right time for a more constructive, more positive relationship built from a longer-range perspective."

A free-trade pact could lift disputes out of the political arena and establish a formal mechanism to deal with them.

But that does not mean Japan is without some misgivings about entering into a free-trade pact with the United States.

For one thing, officials in Japan cite the big differences in culture and philosophy between the two nations. For another, some Japanese officials cannot understand what Washington hopes to gain from a free-trade agreement.

"Why do they want to push this idea?" asked Ichiro Shinzawa, a director at the Economic Planning Agency. "If most of the trade barriers were abolished between Japan and the United States, Japan would benefit more."

He ticked off a list of products from machine tools to automobiles — whose export to the United States Japan is limiting. But Washington may have something to gain in the area of agriculture and financial services.

"That may be the meat in the juice for the United States," said Japanese officials. Some Japanese officials also suspect that Washington wants to use the threat of a bilateral pact to win concessions from Europe, Asia's newly industrializing economies, and from other nations participating in the multilateral Uruguay trade talks.

Tokyo would be happy if talks a pact with Washington deterred the European Community from becoming more protectionist after becoming fully integrated in 1992.

Record Trade Deficit in Britain: Déjà Vu All Over Again?

Britain's problem, in some respects, resembles that of the U.S. economy. Strong domestic demand is generating a powerful appetite for imported goods.

So even though Britain's exports are climbing, they are not increasing as rapidly as imports; thus, the current-account deficit is growing. The current account is the broadest measure of a nation's trade performance.

The nadir came in 1976 when Britain, the world's first industrial nation, had to swallow its pride and seek a massive loan from the International Monetary Fund.

Britain's record \$3.62 billion current-account deficit in July of this year was said to portend "disaster" and to be a "severe blow" to the government, and the considered reaction of the financial markets was deemed to be "panic."

The pound and British stock prices did drop abruptly on news of the disappointing trade figures. But the currency recovered after authorities engineered a 1 percentage point increase in the benchmark interest rate that banks charge their most creditworthy customers.

"So far, the panic is mostly among the commentators, not in the markets," said David Kern, chief economist of National Westminster Bank PLC, Britain's largest commercial bank. "We've got a problem, not a crisis."

With the rest of the world, including goods and services. The apparent irony is that Britain's deficit troubles derive from the unexpected strength of the British economy this year, which private economists said could expand by as much as 4 percent.

rapid clip. The government is not running a deficit. Inflation, despite recent worries, remains low. The government has greatly changed the British pattern of industrial relations, increasing the flexibility of the labor market. And North Sea oil revenue continues to provide an economic cushion.

Still, Britain's mounting trade deficit is worrying. For the first seven months of this year, Britain has posted a deficit on its current account of \$13.4 billion. In March, Nigel Lawson, chancellor of the Exchequer, forecast that the deficit for the full year would be just \$6.7 billion.

Currency Rates

Table with columns for Currency, Par \$, and various exchange rates for major currencies like the Dollar, British Pound, and Japanese Yen.

Forward Rates

Table showing forward rates for various currencies, including 30-day, 60-day, and 90-day rates.

Other Dollar Values

Table listing various dollar values for different currencies and commodities.

Stock Indices

Table showing stock indices for the United States, Japan, and other markets.

Money Rates

Table detailing money rates, including discount rates, federal funds rates, and prime rates.

China, Japan in Investment Accord

BEIJING — China and Japan have signed an investment protection agreement intended to convince hesitant Japanese companies to put more money into China.

The agreement, reached after almost eight years of talks, is the first of its kind between China and another country. The accord gives Japanese companies equal treatment with Chinese enterprises in obtaining raw materials and labor.

Western diplomats and businessmen said the agreement, signed Saturday, had set a precedent that other countries would want to follow for fear of being left out in the cold.

"Small and medium-size Japanese companies have a strong desire to invest in China," Prime Minister Noboru Takeshita of Japan said just before the signing ceremony. "We can expect this to happen."

MORGAN STANLEY

Advertisement for Morgan Stanley, featuring Daniel Hegglin, Jürg Tanner, Willi Nauer, Benno Bründler, and Russell Pfeiffer. It promotes a Swiss Franc Warrant and Convertible Bond.

Additional contact information for Morgan Stanley, including telephone and telex numbers, and a list of office locations worldwide.

Swaziland

New Government Initiative Backs Investment Incentives

On September 6, Swaziland will celebrate 20 years of independence with its special blend of ancient and modern African pagantry.

While men in brightly hued skirts dance the traditional *sibhaca*, a women's parade will share the day with martial arts performers, Chinese and Mozambican youth groups, dignitaries and drum major-ettes.

The Swazis have modern economic traditions to celebrate as well. Their commitment to a free market economy has won them investment and development. Their peace and stability are outstanding for this part of the world.

Swazi kings have ruled this small mountainous territory for well over 200 years. The late King Sobhuza II, father of the present king, led the country from 1921 through the re-gaining of independence from Britain in 1968 until his death in 1982.

The accession of King Mswati III in 1986 rallied the nation after a regency marked by what one leader

Finance Corp., Barclays and Standard Chartered banks.

SIDC general manager Mr. Stephen Potter says one of the company's main roles is to shepherd new investors through government channels.

"We can get an investor in to see the top people in minutes," Mr. Potter said. "It's a wonderful relief from the atmosphere farther north."

Mr. Timothy Zwane, principal secretary for the Ministry of Commerce, Industry and Tourism, said the government particularly encourages investment in processing agricultural commodities and secondary manufacturing industries.

He suggested projects such as refining more export sugar, canning citrus fruits, using Swazi cotton for weaving and garment manufacture, or kraft paper-making from export pulp. Secondary industries such as electronics assembly would also be suitable.

Swaziland prefers to offer investment incentives through the tax system, rather than grants and subsidies. For instance, new firms and industries may be exempted from company tax for five years.

Manufacturers may claim an initial allowance of half the cost of new machinery during the first year of use and a similar proportion for industrial buildings. Training allowances are offered in all sectors.

Provided the company continues to operate, assessed losses may be carried forward indefinitely. Government tenders carry a 10 percent local price preference.

Corporate tax is 37.5 percent. Dividends are freely remitted, subject to withholding tax of 15 percent. Repatriated interest bears a 10 percent tax.



The young ruler of Swaziland, King Mswati III, was crowned in 1986.

Mr. Potter said Swaziland's incentives are comparable and competitive with those of Botswana and Lesotho.

"We don't seek to compete with the so-called South African homelands," he said. "We offer not only political peace and stability, but also a labor environment compatible with high productivity, compared with escalating labor unrest in South Africa."

Swazi officials and business leaders count the overall investment environment among their major incentives. The government's commitment to free enterprise throughout 20 years of independence speaks volumes. Swaziland does not nationalize businesses; it prefers, but doesn't require, local participation, and it permits investors to take their profits out.

Mr. Bill Firth, managing director of the Swazi group of companies, said the low minimum wage offers new investors a grace period; those who are "employers, not exploiters" increase wages as much as 100 percent once they become profitable. Swazi companies are involved in maize milling, food distribution, fertilizers, feeds, tractors and nu-

merous other products and services.

In Mr. Firth's opinion, the major attractions for investors are political stability, markets in South Africa, the region and around the world, commitment to free enterprise and the fact that Swaziland has never reneged on its debts.

The Southern African Customs Union of South Africa and its neighbors provided 44.2 percent of Swazi government revenues in 1987-88, down from 67 percent in 1982-83; 80 percent of imports, mostly manufactured goods, come from South Africa.

In real terms, gross domestic product rose at an annual average

rate of 3.5 percent from 1981 to 1985, the last year for which national accounts data are available. GDP grew from E407 million (emalangeni) to E668 million (\$171 million to \$280 million) over that period.

The combined external debt for central government and public enterprises totaled E500 million (\$210 million) in 1986-87. After a budget deficit of E51 million in 1986-87, the government forecasts a 25 percent increase in revenues to E305 million.

The international sanctions and disinvestment campaigns against South Africa are a mixed blessing for Swaziland. The pressure has

prompted some multinational and South African companies to relocate here or operate in both countries. Coca Cola jumped the fence; Gencor keeps a foot on each side.

Swaziland has also won some markets, among them the citrus market in Scandinavia. But Swazi leaders, who consistently oppose sanctions, fear that damage to the South African economy could cripple the kingdom if nearly surrounds.

Swazis, white and black, abhor apartheid, but there are many who share the view of SIDC's Mr. Potter that the best way to fight it is to build a strong, prosperous, non-racial state.

Adding the Latest Link to an Established Infrastructure

For 97 percent of Swaziland's telephone customers, the world is at their fingertips. They can reach 212 countries by direct dial.

The telecommunications system, present and planned, is only one part of an infrastructure that ranks well ahead of others in Africa. This small, landlocked kingdom has an international airport, extensive road and rail networks, established industrial parks and the prospect of producing an electricity surplus.

In the long term, Swaziland anticipates not only electricity self-sufficiency, but also the opportunity to sell power to other countries. Its coal reserves and the possibility of developing micro-hydro power stations lead that dream substance.

The Swaziland Electricity Board, which generates power at hydro-electric stations, is investigating the feasibility of erecting a thermal power station.

Rapid expansion over

the past three years has centered on Matsapha, site of a major industrial park. A fully serviced site on the country's main highway, Matsapha already houses YKK Zippers, the National Textile Corp., the Coca Cola bottling plant, Langa National Brickworks Ltd., and Hartwood Industries among others.

Swazi planners have also established a fully serviced industrial park at Nhlanguano, in the south, 40 kilometers from the railhead at Piet Retief, South Africa, and 20 kilometers from the Johannesburg-Durban highway.

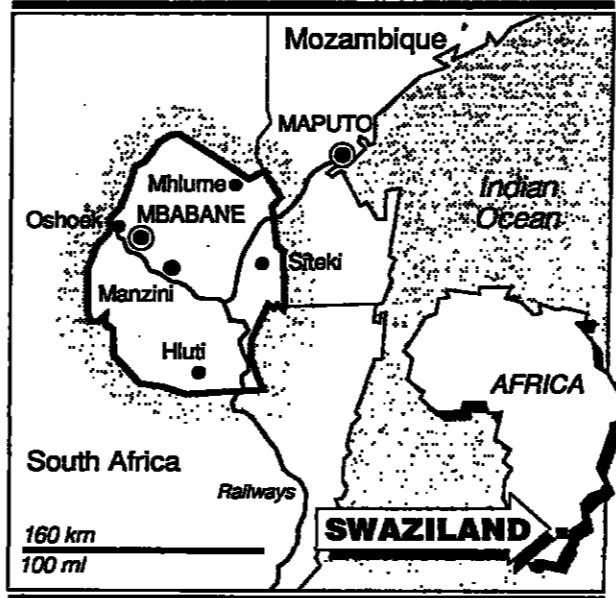
A third industrial site of 200 hectares is also being established at Ngwenya, 20 kilometers north of Mbabane.

Matsapha Airport, convenient to both Mbabane and the thriving

commercial center at Manzini, has been modernized extensively to meet international standards. Royal Swazi Airways, the national carrier, links Swaziland with Durban, Maputo, Harare, Lusaka, Dar es Salaam and Nairobi. Regular flights to Johannesburg's Jan Smuts Airport provide intercontinental connections.

Scan Air Charter, with five Cessna and Beechcraft planes, takes small parties to South Africa, Malawi, Mozambique, Zimbabwe, Lesotho and Botswana, or around the tiny kingdom.

Swaziland Railway's heavy gauge line from Matsapha to Siweni, on the Mozambique border, carries freight for the port of Maputo, South Africa or Zimbabwe. A second line connects Matsapha to Lavumisa for passage to



Richard's Bay and Durban. A third line, completed in 1985, links Mpaka with Komatipoort and countries to the north.

The shortest route to the sea, of course, is through Mozambique. Swazi sugar producers lose 60,000 metric tons a year on that beleaguered rail line or pay extra to send their goods six times as far to Durban. Citrus growers, unwilling to risk spoilage, take the Durban route.

A switch from steam to diesel means that each train now hauls up to 34 cars, nearly double the old average. Containerization continues, with a new transport company handling containers received through Durban.

All-weather roads connect the main production areas with the cities and with South Africa, Swaziland's principal trading partner. The road south

to Lavumisa, leading to the South African ports of Richard's Bay and Durban, is being upgraded to first class. The highway to the Mozambique border has recently been bituminized.

Plans to convert the telephone system to digital have not yet been finalized, but Mr. Dlamini said P & T Corp. is likely to begin installing digital equipment in the rural areas and work toward the Mbabane-Manzini corridor.

Swaziland also supports plans for direct links with other African states through greater use of satellites. That project, which members of the Southern African Development Coordination Conference are still formulating, may counteract the current impression that it is easier to telephone Europe than neighboring countries.

Independent Policy Reflects Careful Balance of Interest

As a small, landlocked country sandwiched between South Africa, whose apartheid policies have elicited international condemnation, and Mozambique, whose countryside has been ravaged by civil war for a decade, Swaziland must constantly watch its step.

The kingdom buys 80 percent of its imports, mostly manufactured goods, from South Africa and depends on the Southern African Customs Union, dominated by South Africa, for half its revenues.

At the same time, it freely sells its products in Africa and around the world, even where South African goods are barred.

Participation in the Organization of African Unity and SADCC is complicated because those bodies recognize the African National Congress (ANC). While Swazis support the struggle for freedom, they cannot support the ANC and some of its methods.

Swaziland and South Africa have no formal diplomatic relations but, under a non-aggression treaty, each takes the other's security concerns into account.

So far there has been no progress toward achieving the benefits Swaziland hoped to gain in return. The negotiated return of territory that traditionally came under the kingdom would give Swaziland vital access to the sea, plus the ethnically

Swazi KaNgwane homeland.

With war-torn Mozambique on its eastern flank, Swazi leaders are sympathetic toward legitimate refugees, but far less tolerant of criminals. The authorities arrested 800 people in mid-August, 75 percent of whom were reported to be illegal Mozambican immigrants.

And, as the momentum

toward international sanctions against South Africa gathers, Swaziland quietly reiterates its opposition to that campaign. Their economic and geographic predicament makes them realistic. For Swaziland, free enterprise, wide open international trade, and internal peace and stability are still the surest routes to economic development.

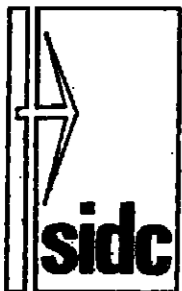
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The University of Swaziland, located near the royal village of Lobamba.

Tourism Gives Welcome Boost to Economy

The children dance barefoot in the streets, wrapped in the traditional red-white-and-black printed cloth of the Kingdom of Swaziland.

It's not a tourist gimmick, but something one encounters, among other places, on the well-paved road to King Mswati III's palace while meandering between cattle pastures at the foot of a small mountain range.

Proud of their culture, the Swazis blend it successfully with their economic development. Their ethnic homogeneity, a rarity in Africa, makes tradition a source of national unity.

It would be hard to entice travelers to make the long, expensive trip from Europe, Asia or North America to see Swaziland alone, so the national tourism authorities market their country as a worthy addition to one's travel itinerary.

Mr. Mduzuzi Magongo, senior tourism officer, said 75 percent of Swaziland's visitors come from or through South Africa, the kingdom's neighbor to the north, south and west. The rest

Tiny Swaziland, one of Africa's last three kingdoms, boasts dramatic scenery, plentiful wildlife and many opportunities to experience the ancient customs that are very much alive here.

come from other African states, mainly for conferences.

Royal Swaziland National Airways Corp. flies to East and Southern African capitals. The airlines of neighboring states also fly to Swaziland's Matsapha Airport.

Mr. Timothy Zwane, principal secretary in the Ministry of Commerce, Industry and Tourism, said Swaziland hopes to tap European travel markets, particularly in Germany, Italy and Britain, where many group tours to East Africa originate.

"Countries like the United Kingdom have very good potential because of the exchange rates. They can come virtually for nothing," Mr. Zwane said. "In London you can't stay at a two-star hotel for £40. Here £40 will get you a five-star hotel."

Four group tours from

North America will be arriving soon, and tourism authorities promote the country at major travel conventions throughout Europe.

Last year the industry earned 38 million emalangeni (US\$16 million) and employed more than 5,000 people.

Mr. Fraser Bell, general manager of the Royal Swazi Sun Hotel, said conferences meet in Swaziland in order to stay in the region without promoting South Africa. The Royal Swazi is one of three Sun International hotels and casinos grouped in the Ezulwini Valley (the name means Place of Heaven) just 10 kilometers south of Mbabane.

Swaziland frequently figures as a two- or three-day stop in two-week group tours of the region, Mr. Bell added.

Already blessed with natural sights, good hotels and an ideal climate, the kingdom works steadily to improve its offerings. The new private wildlife sanctuary, Mkhaya, in central Swaziland supplements the four nature reserves the king holds in trust for the Swazi people. There are also private reserves; limited hunting is permitted.

At Malolotsha National Park, 35 kilometers north of Mbabane, the highest waterfall in this mountainous country plunges 90 meters into a wild, forested gorge. Mlilwane Game Sanctuary, 20 kilometers south of Mbabane, encompasses the grassland and mountain habitats of zebra, eland, blesbok, vervet monkeys, ostriches and countless smaller birds.

The parks of the lowlands — Ehlane and Mlawula — are big game country to which elephant herds were recently introduced.

The government built the 106-room Pigg's Peak hotel and casino, 45 kilometers north of Mbabane, two years ago. An-

other tourist center, it offers spectacular views of the Lomati River twisting through the lowlands.

Accommodation in the kingdom ranges from the luxurious Royal Swazi Sun to moderate hotels, quiet country inns, lodges and camp sites. (Swaziland does not have a hotel rating system.) Many of the hotels provide swimming pools, golf courses, tennis courts, horse riding and walking trails among the brilliant red flowering trees.

Other sights include superb ancient rock paintings and the workings on Ngenya Mountain, in the north, carbon dated to 40,000 BC.

With good roads and frequent flights, visitors have no trouble getting to or around the country. SiSwati is the national language, but most Swazis speak English learned at school. More importantly, they welcome strangers in a relaxed and natural way.

That welcome extends to many of the traditional ceremonies. Mr. Zwane said visitors are invited to the annual Umhlanga or Reed Dance, held in late August or early September, in which maidens clad in minute beaded skirts, tassies and feathers dance and sing as they carry towering reeds to the queen mother's residence. A visitor might even join the Incaula or Feast of the Fruits, if he finds the right age group and a sponsor, or help celebrate a traditional wedding with the bare-breasted bride and her attendants.

The *sija*, or woven grass bowl, and other Swazi baskets are popular souvenirs that have found export markets in England, the United States and West Germany. Wood and stone carvings and black clay pots line the handicraft stalls along with newer handiwork such as tapestries depicting Swazi life and intricately colored Swazi candles.

An agricultural exporter, Swaziland can offer its guests a full menu, including locally produced citrus, pineapple and other tropical fruits. The warm climate, with the sun, nearly always in view, is, quite simply, addictive.

Agricultural Sector Aims for Exports and Self-Sufficiency

Swaziland Meat Corp. is dead. Long live Swaziland Meat Industries Ltd. For the demise of the country's export beef operation was a blessing in disguise, says Mr. Timothy Zwane, principal secretary in the Ministry of Commerce, Industry and Tourism.

The new company, which awaits formal naming by King Mswati III, will open in January. "We are now reviving it with international investment," Mr. Zwane said. Potential investors include the Swaziland Industrial Development Corp., Lonrho, the Commonwealth Development Corp. and the national trust fund Tibiyo Taka Ngwane.

"It is going to be an industry with no links to South Africa and with guaranteed markets through the Lomé Convention and the European Community," he said.

That's the kind of comeback on which Swazi agriculture, the backbone of the economy and principal foreign exchange earner, prides itself. In 1984 Cyclone Domoina devastated citrus plantations; today replanted areas are prospering.

Agriculture provided nearly 75 percent of all export earnings between 1981 and 1986. Sugar alone contributed 37 percent, followed by 17.4 percent for wood pulp. Citrus earned 4.8 percent and canned fruit another 5.6 percent.

Natex, which owns National Textile Corp., hopes to have the last phase of its vertically integrated textile mill, designed to produce 85 tons of yarn and 387,000 square meters of fabric per week, in full swing by year end.

Plans are under way to establish an ethanol plant using sugar industry by-products and there are hopes of using molasses surplus in developing feedlots for the reborn meat export industry. Swaziland had 653,000 head of cattle as of 1986.

Under the Lomé Convention, Swaziland has committed itself to an annual quota of 116,400 metric tons of sugar, increasing to 117,450. Primary markets for the other two-thirds of the crop include Canada, the U.S.S.R. and Portugal.

Sugar exporters lose 60,000 metric tons a year to destruction and theft on the route through war-torn Mozambique to this landlocked kingdom's nearest port, Maputo. But they find a way to meet commitments.

Ubombo Ranches, under Lonrho Sugar Corp., produced a national record crop of 171,303 tons in 1986.

The estate, in the eastern lowlands, is developing interests in coffee and runs more than 3,000 head of high quality beef cattle.

Tibiyo Taka Ngwane and Tsiska Taka Ngwane, national trusts set up with mining royalties, work to develop private sector agricultural industries. Among other projects, Tibiyo helped establish the country's third sugar mill and holds a major interest in Simunye sugar estate. Tsiska is involved in maize, rice, beef and other enterprises.

The sugar industry provides more than 15,000 jobs, making it the largest employer. The 1986 production at each of the three mills topped 160,000 tons.

Nearly 7 percent of Swaziland — 121,000 hectares — is devoted to natural and commercial forests serving the second biggest industry. Sawn timber earned E9 million in 1986, compared with E104 million for woodpulp.

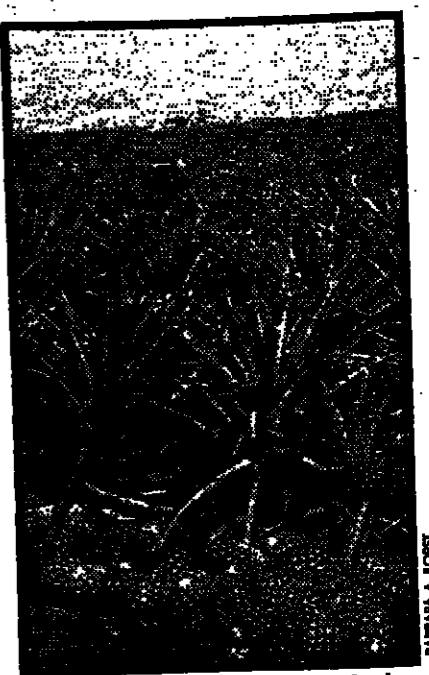
Swaziland's highlands, with cool, dry winters and warm, wet summers, prepare trees for harvesting in just 16 years, against 40 years in Europe. In 1987, the industry produced 175,000 metric tons of unbleached kraft woodpulp.

South African Pulp and Papermill Industries Ltd. is seeking a major interest in Usutu Pulp, Swaziland's largest forestry company; the sale awaits government approval. Peak Timbers, in the north, employs 1,700 people.

Citrus growers produce 3 million cartons of oranges, grapefruit, lemons and soft citrus a year, for export to the United Kingdom, Ireland, Europe, the Middle East and the Far East. Last year the industry earned E30 million from exports. Each of the seven estates has a staff of experts and six have packhouses.

The Swaziland Citrus Board, which has a marketing arrangement with the South African Cooperative Citrus Exchange, ships fresh fruit through South African ports because of the risk of destruction on the Maputo rail line.

Swaziland Fruit Canners Ltd., formerly Libby Swaziland, operates under capacity because of insufficient supplies, due to the 1986-87



The annual harvest on a pineapple plantation near Matsapha.

drought and constraints on the amount of land allocated to pineapple plantations. Attempts are being made to add 500 hectares to the area cultivated.

Some 7,000 small-scale farmers contribute about 40 percent of Swaziland's cotton, the kingdom's principal dryland crop. Drought in 1986-87 forced some farmers to abandon cotton farming and the area under cultivation declined from 20,000 to 14,000 hectares.

Food self-sufficiency, particularly in the domestic staple crop of maize, is the priority for the ministry of agriculture, said Mr. Victor Pungwayo, director of agricultural extension. To further that end, the government offers maize growers protection from foreign competition until local supplies are depleted. Similar protection for produce farmers has revived that industry.

Through Tibiyo Taka Ngwane, the Swazi Nation has paid E10 million to purchase back more than 1 million acres that were alienated from traditional ownership during the kingdom's years as a British protectorate. The kingdom is divided between freehold or concessionary rights areas owned by individuals or companies and Swazi Nation land, owned by the monarch in trust for the Swazi people, the vast majority of the African population.

This Advertising Section was written by Barbara A. Borst, a free-lance writer who covers Eastern and Southern Africa for a variety of publications.

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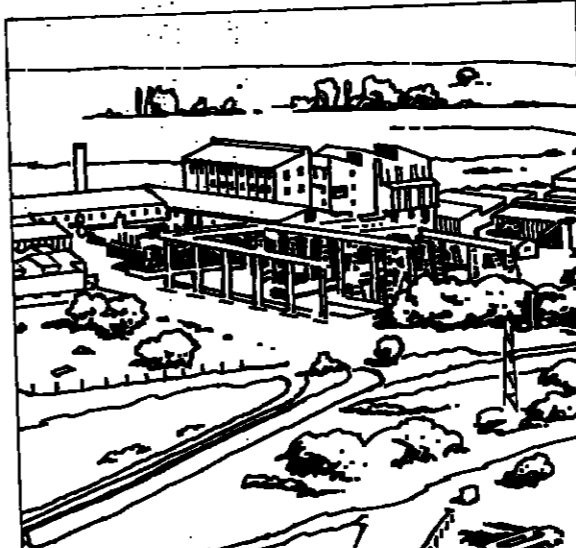
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Lonrho has been actively involved in the Kingdom of Swaziland since 1969 when the group purchased the Swaziland Sugar Milling Company — now renamed Lonrho Sugar Corporation — which is the holding company of Lonrho's sugar interests, including Ubombo Ranches Limited, its local subsidiary.

Ubombo first produced sugar in 1958. Since then production has steadily increased to 170,000 tons per annum for both local consumption and export. Ubombo operates the only refinery in Swaziland. In addition to 6,000 hectares of its own sugar-cane land, Ubombo has developed and manages 1,700 hectares for the nation.

Ubombo also has a herd of 4,000 high quality beef cattle and the estate is currently developing interests in coffee. Employing over 3,000 people Ubombo provides technical back-up for all the group's sugar operations.

Lonrho Sugar works closely with the Swazi nation, its partner in Ubombo Ranches.

Lonrho's other interests in Swaziland include: Construction Associates, established in 1977, is the largest construction company in the Kingdom. Recent successful projects include the head office of Tibiyo Taka Ngwane, a new office block and nine storey block of flats for Swaziland National Provident Fund, a new Mental Health Care System consisting of a mental hospital and three clinics and a new office block for the Ministry of Home Affairs, Justice and Health.

Leites Motors, the largest vehicle franchise holder in Swaziland, has the Toyota and BMW franchise and three branches in the Kingdom.

Other services to Swaziland include helping the nation with the publication of newspapers. Future investments include participation in Swaziland meat industries.

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New International Bond Issues

Table with columns: Issuer, Amount (millions), Mat., Coup. %, Price and week, Terms. Includes sections for Floating Rate Notes, Fixed-Coupon, and Equity-Linked.

Holding the Line Before the Elections in U.S.

WASHINGTON — After a run of almost six years, economic expansion in the United States faces a critical test in the approach to the November presidential elections as upward pressure on interest rates continues worldwide, private economists say.

Firm Sees American Home Price Collapse

NEW YORK — An investment firm has predicted a steep fall in U.S. home prices as a heavy debt burden on consumers brings the price-rise bandwagon of recent years to a sudden halt.

'Gain Sharing': Bosses Like It, but Unions Harbor Doubts

By Kenneth B. Noble, New York Times Service. WASHINGTON — As the notion of profit sharing once unsettled labor-management relations, so now is something called gain sharing.

Expanded Eurobond Issue Disputed

LONDON — Royal Trust Co. of Canada's attempt to increase the size of a Eurobond issue through a second underwriter before the original deal had closed has created a controversy over ethics.

Prices Slip as Vacations Dull Action

NEW YORK — Bond prices generally posted modest losses last week as summer vacations and general apathy kept prices steady.

DIGITAL: Stock Is Down and Out

(Continued from first finance page) line that allows VAX's to connect and share files with IBM machines.

COPPER: Prices Rebound

(Continued from first finance page) capacity by 15 percent, to 1.35 million tons a year. Some of the venerable names in the business, such as Anaconda Co. and Duval Corp., have left the business.

Bundesbank Said to Plan Repo Change

FRANKFURT — The Bundesbank is planning to change the method by which it operates variable-rate tenders for securities repurchase agreements, dealers said.

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Table with columns: Country/Currency, 12 months + 52 ISSUES SAVINGS %, 6 months + 26 ISSUES SAVINGS %, 3 months + 13 ISSUES SAVINGS %. Lists countries like Austria, Belgium, Denmark, etc.

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Wall Street Review

NYSE Most Actives table with columns for Vol., High, Low, Last, Chng.

AMEX Most Actives table with columns for Vol., High, Low, Last, Chng.

NYSE Sales table with columns for Sales Vol., Total for week, Year ago, etc.

AMEX Sales table with columns for Sales Vol., Total for week, Year ago, etc.

NYSE Diaries table with columns for This Wk, Last Wk.

AMEX Diaries table with columns for This Wk, Last Wk.

NASDAQ National Market

NASDAQ National Market table with columns for Sales in 100s, High, Low, Close, Net.

Wickes's Buyers Would Sell Units

When Mr. Sigoloff announced the buyout proposal on Aug. 21, he said his group had agreed to purchase shares for 60 days.

WORLD STOCKS IN REVIEW

Amsterdam Stock prices moved lower last week, with sentiment affected by interest rate rises.

The Straits Times industrial index fell 36.73 points for the five trading days to end the week at 1,044.77.

THRIFTS: More Mergers Set

(Continued from first finance page) The merger of Hibbing, with \$53 million; Washington Federal Savings Bank of Stillwater, with \$301.4 million; and Peoples Savings & Loan Association of Owatonna, with \$216.2 million.

Hong Kong

Shaky trading throughout the week on the Hong Kong exchange ended in a 56.03-point plunge as alarms sounded over international interest rate increases.

London

Stock exchange indices fell sharply last week, and Thursday's drop, after announcement of a referendum.

Treasury Bonds

Treasury Bonds table with columns for Maturity, Bid, Ask, Yield, Wk. yield.

U.S. Consumer Rates

U.S. Consumer Rates table with columns for Rate, Index, etc.

Chicago Exchange Options

Chicago Exchange Options table with columns for Option & price, Calls, Puts.

American Exchange Options

American Exchange Options table with columns for Option & price, Calls, Puts.

London

London table with columns for Option & price, Calls, Puts.

Paris

Paris table with columns for Option & price, Calls, Puts.

Singapore

Singapore table with columns for Option & price, Calls, Puts.

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MONDAY SPORTS

SIDELINES

Senna Takes 4th Straight Grand Prix

SPA-FRANCORCHAMPS, Belgium (AP) — Brazilian Ayrton Senna won his fourth straight Formula One race, capturing Sunday's Belgian Grand Prix ahead of teammate Alain Prost of France. It was the eighth 1-2 finish of the season for the McLaren-Honda team, which remains on track for a sweep of the 16-race schedule.

Nebraska Beats Texas A&M in Opener

EAST RUTHERFORD, New Jersey (UPI) — Steve Taylor threw a 20-yard touchdown pass to Todd Millikan to highlight a 20-point second-half comeback that helped Nebraska open the 120th season of college football with a 23-14 victory over Texas A&M in the sixth Kickoff Classic here Saturday night.

South Korean Retains Flyweight Title

SEOUL (AP) — Yu Myung Woo of South Korea retained his World Boxing Association junior flyweight crown with a sixth-round knockout of Puri Ouyhanakorn of Thailand in a scheduled 12-round title match Sunday in the southern city of Pusan.

NFL Seahawks Reportedly Are Sold

SEATTLE (AP) — The Seattle Seahawks have been sold to a California real-estate developer for about \$80 million, pending approval by the National Football League and the other team owners. The Seattle Times reported Sunday.

3 Tied for Lead in U.S. Golf 'Series'

AKRON, Ohio (UPI) — Larry Nelson carded five birdies on the final seven holes Saturday en route to a four-under-par 66 that left him in a three-way tie with Ian Baker-Finch of Australia and Mike Reid after three rounds of the NEC World Series of Golf here.

Seoul May Not Help Martial Arts' Shaky East-West Marriage

By David Berberly

NEW YORK — As is traditional, the Olympics in Seoul next month will include a demonstration sport popular in the host country.

South Korea's choice is taekwon do, a swift, high-kicking form of karate. That could be bad news for the 5,000 to 10,000 U.S. instructors in the martial arts.

The teaching of martial arts has been in something of a slump in the past few years, say instructors, equipment makers and trade journalists, and media attention usually will send enrollment up.

Indeed, martial arts instructors almost always get more recruits when there is a popular film whose hero beats the bad guys with bare hands and a knowledge of Asian self-defense techniques.

Before his scripts turned to high-tech weapons and explosions, Chuck Norris, a former karate champion, was good for business. The two "Karate Kid" movies were good for business.

And Bruce Lee was heaven on earth for business. "He's the Marilyn Monroe of this industry," said Bill Groat, editor of M.A. Self-Training, a magazine for enthusiasts based in Burbank, California.

But it is far from certain, Groat said, that sports coverage will have the same effect as the good-guy-bad-guy mayhem of the movies.

"Judo used to be very popular," he said. "Then it got into the Olympics and died. A lot of traditionalists feel that once you make a martial art a sport, you kill it."

That no one knows for sure is entirely typical of martial arts training in the United States, an odd amalgam of American business and Asian traditions.

Ridden with competing factions and styles, martial arts training is an industry consisting of thousands of idiosyncratic teachers, in which statistics and certainty are far rarer than impressions and opinions.

The American fascination with Asian self-defense techniques has been broad enough to go far beyond the stereotypical chopping, punching and kicking of the Japanese martial art of karate.

Besides taekwon do, other popular forms include kung fu (a related Chinese martial art), jujitsu (the more lethal holds and maneuvers from which judo was derived), ninjitsu (the fighting skills of feudal Japan's elite assassin class), aikido (another Japanese technique that employs holds and evasions, not

punches and kicks) and 'ai chi ch'uan (serene, "slow-motion" moves practiced against an imaginary opponent).

The dojo, as a martial arts school is called, is now a familiar tenant in U.S. commercial buildings and malls. And classes are offered at YMCA and high schools around the country.

"At this point, I'd say 10 to 20 percent of the population has put a uniform on at least once and tried it," said Gary Heslow, president of Century Martial Arts Supply, a

company in Midwest City, Oklahoma, that sells uniforms and equipment to 10,000 retail outlets.

The total annual market for such things, Heslow says, amounts to about \$25 million wholesale. Estimates of the number of people seriously involved in martial arts range from 2 million to 10 million.

Conservatively, then, U.S. martial arts schools, which charge from \$50 to \$100 a month per student, are taking in hundreds of millions of dollars every year.

Just as every instructor passes on a personal synthesis of martial arts techniques, so each has his own answer to the problem of merging an Oriental art form with American marketing practices.

"It's not a machine, or merchandise, that we sell," said Shiban Seiji Kanamura, a high-ranking black belt who runs a studio in Brooklyn. "Everyone has their own philosophy, their own beliefs."

Differences of temperament and emphasis do not stop at mat's edge. Kanamura's dojo, for example, is unadorned, to put it mildly.

The door of a tiny elevator opens directly onto a narrow hallway where his desk sits; his file cabinets are gray and dented. Haphazardly arranged on the walls are equipment and clothing for sale and various plaques and letters.

There is a ramshackle collection of lockers and down a short corridor is a 40-foot-by-40-foot (12-meter-by-12-meter) space where lessons and workouts take place.

Like most instructors, Kanamura is a member of an interna-

tional federation that promotes a particular style of karate and is headed by a revered master black belt. In this case, the federation, Kyokushin Kaiken, is run from Tokyo by Mas Oyama. Kanamura, again like most instructors, has no other schools. His monthly fee for training is \$48, relatively low for New York.

In contrast is a dojo in Manhattan operated by Shigeru Oyama, a relation to the old master. The floor is carpeted, the lockers shiny and new, clothing and equipment for sale are tidily arranged on and around a gleaming counter.

Frank Clark, who helps Oyama manage the dojo, stresses that many clients are businessmen or professionals. The dojo charges \$65 to \$85 a month.

The atmosphere of corporate smoothness matches Shigeru Oyama's plans, which include a line of videotapes, a karate correspondence course and a group of schools in Japan that will combine martial arts training with classes in American history and English.

Already, Oyama is the head of a tight federation of 88 dojos in the United States and Canada, four in Israel, two in Greece and one in South Africa.

As in all the martial arts, the organization is held together by allegiance to him and his teaching, not by any formal business arrangement. "This is a style, not a franchise," Clark said. "It's a following."

His vigorous expansion over the last few years evidently did not sit well with the elder Oyama. In 1985, Mas Oyama expelled Shigeru Oyama from Kyokushin Kaiken.

His American dojos elected to leave with the apostate Oyama, leaving Kanamura as the only adherent to the elder man's organization in the United States.

Among all parties, the subject is as sore as a forearm that has been blocking an opponent's punches all morning. "It's like an argument between your father and your grandfather," said Clark of the dispute between the two Oyamas. "I don't get in the middle of it."

The departure of a star pupil and a legacy of hard feelings are by no means unusual, Groat said. In fact, he added, "That's the typical story. There are so many egos in the martial arts — they just get into a tiff and walk out and start their own school. It makes it really counterproductive for the industry."

VANTAGE POINT/Ira Berkow

Tyson: Mean Streets and Easy Street

New York Times Service

NEW YORK — He had a punch like a wrecking ball, he was the heavyweight champion of the world in his early 20s. He grew up tough, frequented saloons and savored the grape, was a brawler in and out of the ring and claimed that "I can lick any son of a bitch alive."

He loved expensive jewelry and elegant clothes, dumped managers regularly, put down opponents (he called one "the best foot racer in the country") beat his wife and kicked mistresses. And, naturally, was one of the great sports heroes of his time.

He was nearly 6 feet tall, weighed about 200 pounds (182 meters, 91 kilograms); his time was the 19th century and his name was John L. Sullivan. Any similarities between Sullivan, known also as The Boston Strong Boy and The Great John L., and any more recent heavyweight kings are purely coincidental.

Though many heads reared from John L., Iron Mike Tyson now wears the crown as jauntily as a fedora.

Whether we like it or not, there is something special about the heavyweight champion, the toughest man in the world, or, as Tyson has said about himself, "the baddest dude on the planet."

He embodies, for the moment, seeming invincibility and indestructibility, powers for which all of us, surely, yearn.

A popular song in the 1880s was "Let Me Shake the Hand That Shook the Hand of Sullivan." John L. toured the country in a moister mandarin but well-attended play called "Famous Hearts and Willing Hands."

Tyson, meanwhile, performs in soft-drink and automobile commercials, and prides his strength of his ability to flatten another man's nose.

It is strength of muscle rather than strength of character that is the foremost ingredient for a heavyweight champion, yet the public, in its need to create myths, often comes to expect that the fighter must be something akin to a choirboy.

It rarely happens. Few boxing champions developed the skills for their savage profession in a monastery. A number, like Tyson in fact, were raised in reform school, and other noted

pugilists have helped populate some of the nation's most secure correctional facilities.

Jack Johnson, for one, flouted social conventions, Sonny Liston won no prizes for Most Sociable and Leon Spinks made up his own rules for driving that confounded numerous traffic judges. (And once Spinks was found naked in a hotel room after strangers had made off with all his clothes and his false teeth, too.)

So just because Iron Mike owns three heavy-

weight title belts, it doesn't mean that he is the most decorous citizen, or that he won't be out on a Harlem street at 5 in the morning trying to add to his wardrobe.

And when he is, as he was last Tuesday, at a place called Dapper Dan's, buying a jacket with the apt axiom on the back, "Don't Believe the Hype," a lot of improbable things can happen.

One such is Mitch Green, who once lost a 10-round decision to Tyson, coming around and apparently taunting the champ, and the champ becoming so flummoxed that he bopped him, breaking a bone in his kingly hand in the process.

This comes on the heels of other scrapes and reported scrapes in recent months involving Tyson. Reports had him slapping a parking garage attendant who tried to intervene when Tyson "stole" a kiss from a female garage employee, and that he rammed his Bentley into another car when he was fighting with his wife, Robin Givens. His sister-in-law told Newsday that Tyson also beat Robin, although Tyson said "I never hurt my wife."

Then there was Tyson's suit against his manager and his firing or attempted firing of some of his closest associates.

All that made some wonder: Who is Mike Tyson and what would happen to him next?

The duality of personality in Tyson is marked. He can be generous and humorous, and he can be brutal — wishing, as he once said, to punch an opponent in the nose and have the bone smash into the brain.

Street fights, for example, can be hazardous to one's health. Every day, one reads of street fights in which someone is murdered with a tire jack or a knife in the heart.

In fact, when Green was, as Tyson said, "in my face," Tyson said he was "nervous."

"I hadn't been in a street fight in seven years."

Although he seemingly could have avoided it — Tyson threw the first and only punch — he possibly savored it, too. He adjusted the rings on his fingers, according to Green, so that the punch would have the crunching impact of brass knuckles.

Tyson has been the heavyweight champion for less than two years. John L. held the title for 10 years.

In 1892, Sullivan lost the title to Jim Corbett. "My friends," he announced, "I have fought one too often. But if I had to get licked, I'm glad it was by an American! Yours truly, John L. Sullivan."

Where Tyson will be 10 years after he won the heavyweight championship no one knows. It is certain, however, that one day a licking comes to everyone, even to the baddest dude on the planet.

One hopes it will be in the prize ring, and not on a dark street somewhere.

ACROSS 1 Demolished 6 "Cit" fustiest with the mostest 10 Mud puddle 14 "Abie's" Rose" 15 Davenport milieu 16 Cordage fiber 17 Gulf of —, off New Guinea 18 Historic times 19 Army outfit 20 Warm-weather attire 23 Kind of pal 24 Hair's partner 25 Cluck of disapproval 28 Exchange informally 31 Stormed 35 Math problem 37 Give forth 39 Hot spot 41 Dangerous section on the Atlantic 44 React to a June moon 45 Sixty minutes 46 Equipment 47 Theme 49 Peter Jennings's field 51 Color 52 Anonymous Richard 54 Under the weather 56 Island export 63 Presage 64 Join the chorus 65 Losses heat 67 Forearm bone 68 Ending for Jean or Nan 69 Poly attachment 70 Belgeuse or Streisand 71 Essential being 72 Accomplishments 74 "Oh, say can you see" 75 Cut thin 76 Redacts 77 At liberty 78 Secure 79 Ferber or Millay 80 Kind of admiral 81 Picnic pests 82 Curved molding 83 Do, e.g. 84 Snow vehicle 85 Inge's " — Stop" 86 Former jrs.

WEATHER EUROPE HIGH LOW C F C F Athens 23 27 17 63 69 Almaty 27 34 17 63 69 Amsterdam 22 27 17 63 69 Atlanta 23 27 17 63 69 Baltimore 24 28 18 74 70 Barcelona 24 28 18 74 70 Beijing 24 28 18 74 70 Berlin 24 28 18 74 70 Brasilia 24 28 18 74 70 Buenos Aires 24 28 18 74 70 Copenhagen 24 28 18 74 70 Costa Rica 24 28 18 74 70 Dallas 24 28 18 74 70 Denver 24 28 18 74 70 Detroit 24 28 18 74 70 Edinburgh 24 28 18 74 70 Frankfurt 24 28 18 74 70 Geneva 24 28 18 74 70 Hanoi 24 28 18 74 70 Helsinki 24 28 18 74 70 Hong Kong 24 28 18 74 70 Houston 24 28 18 74 70 Indianapolis 24 28 18 74 70 London 24 28 18 74 70 Los Angeles 24 28 18 74 70 Madrid 24 28 18 74 70 Manila 24 28 18 74 70 Mexico City 24 28 18 74 70 Moscow 24 28 18 74 70 New York 24 28 18 74 70 Ottawa 24 28 18 74 70 Paris 24 28 18 74 70 Philadelphia 24 28 18 74 70 Phoenix 24 28 18 74 70 Portland 24 28 18 74 70 Rome 24 28 18 74 70 San Francisco 24 28 18 74 70 Seoul 24 28 18 74 70 Singapore 24 28 18 74 70 Taipei 24 28 18 74 70 Tokyo 24 28 18 74 70 Washington 24 28 18 74 70 Wichita 24 28 18 74 70 Yokohama 24 28 18 74 70

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DENNIS THE MENACE 8-29

JUMBLE THAT SCRAMBLED WORD GAME by Henri Arnold and Bob Leo

ELVOH MOIFT DANAGE RILXE

PEANUTS 8-29

BLONDIE 8-29

BEEBLE BAILEY 8-29

DOONESBURY 8-29

ANDY CAPP 8-29

WIZARD of ID 8-29

REX MORGAN 8-29

Solution to Friday's Puzzle

GOO ALLEGE PAHI INN REAVER IRE MEL CAMERAI NGLE PROFANES SLOOPS

DOONESBURY 8-29

GARFIELD 8-29

DOONESBURY 8-29

GARFIELD 8-29

GARFIELD 8-29

Johnson's

Results in Trio Raise Hopes for

By Steve Grant

BLOWOUT — Warren Moon

MONDAY SPORTS

Royals Rout Twins, 12-3, Sweeping 3-Game Series

Compiled by Our Staff From Dispatches
KANSAS CITY, Missouri — Pat Tabler's two-run triple keyed a five-run sixth inning and George Brett and Bo Jackson hit three-run homers in the seventh inning here Sunday, leading the Kansas City Royals past the Minnesota Twins, 12-3, and completing a three-game sweep.

on Frank White's grounder, allowing Tabler to score. Brett hit his 22d home run in the seventh after Wilson singled and Seitzer walked. Tabler then singled and Tarabull walked before Jackson's 22d homer. German Goetzle relieved and Jamie Quirk hit his sixth homer.

third inning when he yielded a two-run homer to Mitch Webster. But Smoltz then retired the next 12 batters in order. He struck out six and walked one.

light a three-run Pittsburgh rally in the eighth inning. Doug Drabek pitched seven innings, allowing two runs and six hits.

One out later, Lind, pinch hitting for Ken Oberkfell, singled in Cangelosi and Van Slyke singled in Redus. The Pirates scored the third run of the inning on reliever Larry Andersen's throwing error, allowing Lind to score. Kevin Bass led off the ninth with his 12th homer to make it 4-3.



Baltimore centerfielder Fred Lynn dived but came up empty Saturday on Carney Lansford's second-inning fly ball; it was ruled a single, and Oakland went on to score three runs en route to a 5-1 victory.

Johnson's Nod to Myers Is Right Move for the Mets

NEW YORK — Davey Johnson acted with his head not his heart by bringing in Randy Myers from the bullpen, and it turned out that the New York Met manager made the right move.

With one out in the San Francisco eighth, Brett Butler singled to right and moved to second on Mookie Wilson's error on the play. One out later, Myers came on and got Will Clark to ground out.

SATURDAY BASEBALL

ended San Diego's three-game winning streak. Brewers 6, Tigers 5: In the American League, in Milwaukee, Rob Deer homered with two out in the 12th to lift the Brewers.

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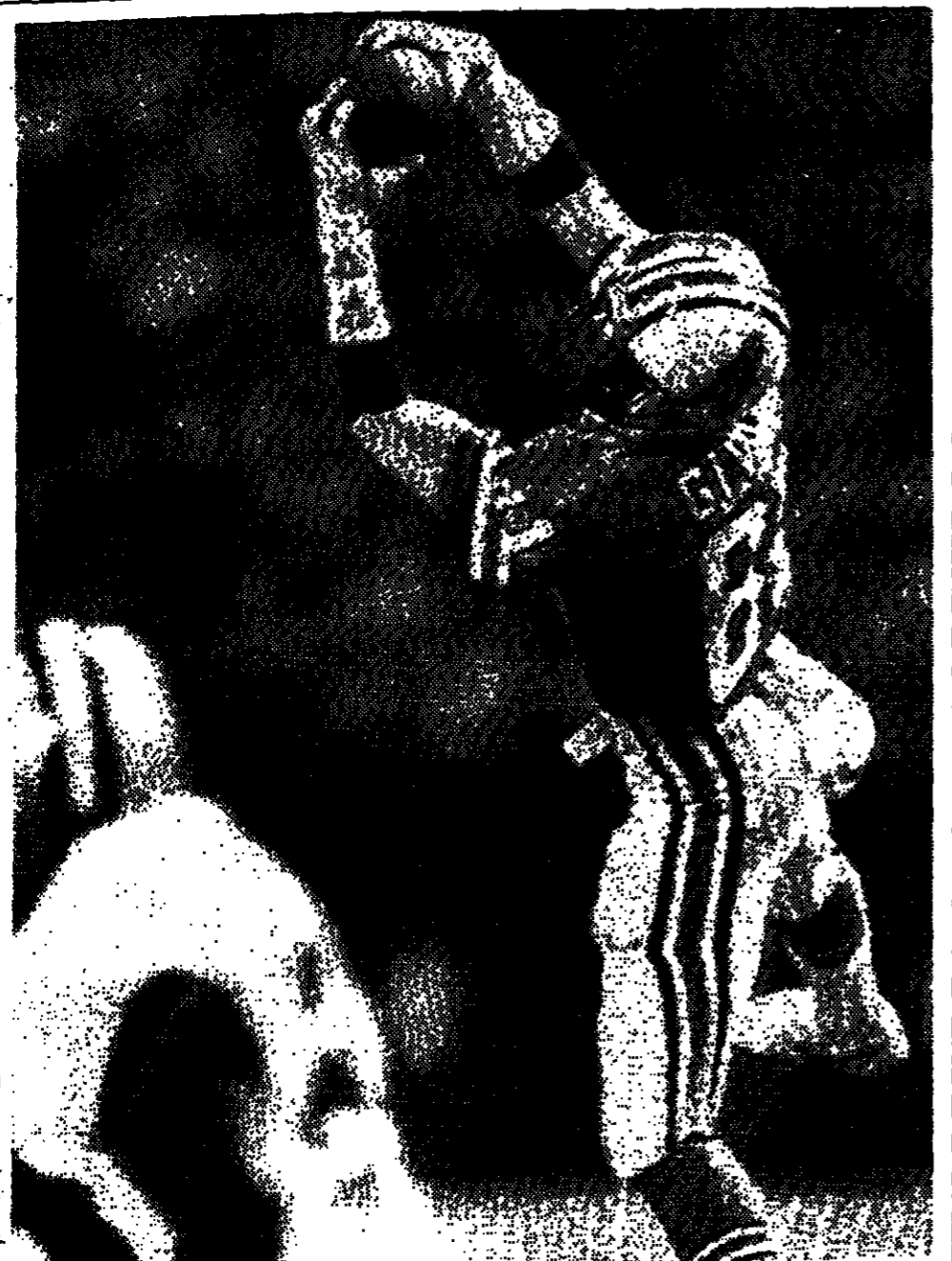
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Results in Trio of Grade I U.S. Races Raise Hopes for Dramatic Fall Season

By Steven Crist
SARATOGA SPRINGS, New York — There was a mild upset at Saratoga, the renewal of an old rivalry in New Jersey and a surprising runaway in Illinois as Mercedes won, Alysheba and Cryptoclearance scored significant Grade I victories at different tracks Saturday.

reversed a string of four straight losses to Bet Twice over the last 14 weeks. The 4-year-olds have now split eight career matchups.

It looked like last year's Kentucky Derby and Preakness all over again Saturday as Alysheba came from far back to collar Bet Twice and win by three-quarters of a length.



BLOWOUT — Warren Moon completed 14 of 19 passes (including this one to Ernest Givins) for 194 yards to spark first-half touchdown drives of 90, 52, 72 and 66 yards as Houston routed Dallas, 54-10, Saturday in Irving, Texas. The Oilers finished the NFL exhibition season with a 4-0 record. It was the Cowboys' worst preseason loss since Minnesota crushed them, 57-17, in 1965.

SCOREBOARD

TRANSITION

BASEBALL
American League
Boston — Activated Dennis Lema, pitcher, from the 15-day disabled list and placed Jeff Sellers, pitcher, on the 15-day disabled list.

FOOTBALL

CFL Standings

Table showing CFL Standings with columns for Eastern Division (Toronto, Hamilton, Winnipeg, Ottawa) and Western Division (Brit. Columbia, Edmonton, Saskatchewan, Calgary).

NFL Preseason

Table showing NFL Preseason Final Standings for American Conference (Indianapolis, Miami, Washington, Dallas, Philadelphia, Phoenix) and National Conference (Minnesota, Cleveland, Pittsburgh, Denver, Seattle, Kansas City, L.A. Raiders, San Diego).

BASEBALL

Friday's and Saturday's Major League Line Scores

Table showing Friday's and Saturday's Major League Line Scores for American League and National League games.

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Advertisement for US OPEN featuring a large image of a tennis racket and the text 'OFFICIAL TIMER SEIKO' and 'It's Opening day!'.

AUTO RACING

BELGIAN GRAND PRIX
(At Spa-Francorchamps)
1. Avron Sarno, Brazil, McLaren-Honda, 7:12.38 (80.59 seconds; average speed: 203.44 kph/126.41 mph).

GOLF

U.S. Amateur
Results of the 89th U.S. Amateur match-play championship of the men's, 6,886-yard Caledonia Course in Hot Springs, Virginia.

SOCCER

ENGLISH FIRST DIVISION
Aston Villa 2, Millwall 2
Charlton 4, Liverpool 3
Derby 1, Aldershot 0

SOCCER

WEST GERMAN FIRST DIVISION
St. Pauli 2, Stuttgart 1
Bayer Uerdingen 4, Eintracht Frankfurt 1

SOCCER

FRENCH FIRST DIVISION
Bordeaux 2, Strasbourg 0
Cannes 2, Lille 1
Cannes 2, Sochaux 0

LANGUAGE

Misheard, Misread, Misspoken

By Jack Rosenthal

NEW YORK — "Oh, she may get woolly, women do get woolly, because of all the stress!"

There's a word for misspoken words. Why, in this era of mass communications, is there no word for words that are misheard?

Malaprop, or malapropism, is the term for misspoken words. Through uncharacterized seas, is an example cited by Fowler's handbook.

Often-repeated anthems, prayers and pledges have produced often-repeated howlers like "Gladly, the cross-eyed bear," "deliver me to Penn Station" and "from the mountains to the fairy."

The danger of mishearing words on television has already been dramatized, on television, notably by Gilda Radner's blubbing "Saturday Night Live" character, Emily Litella.

Even harder to grasp than misheard words are first-heard words, new coinages that may be making their way into the language.

On first hearing, the computer term wyywyyg (pronounced wizzy-wig) sounds like a general wyywyyg description for computer wonders.

Coining such acronyms is a chancy business. Statisticians offered one to remedy the awkward problem of

to call a live-in lover. It's absurd for people in their 60s and 70s to have to talk about boyfriends and girlfriends.

Again and again, youth speech spreads on to anyone eager to sound hip, hot, cool, bad or groovy.

By now, everybody must know what the L-word is. A Time magazine essay early this month focused on "the dreaded L-word."

"L" is not the only letter burdened with such recent overtones. The New York City weekly magazine 7 Days has noticed some other examples, and there are still more.

Erma Bombeck was quoted this way by Time last March: "We are not afraid to use the d word and talk about death."

The Washington Post columnist James R. Dickenson offered the Democrats far warning in May. Despite favorable early polls, they should heed "the dread e-word."

There are more examples. In 1985, in The New Republic, Ann Hulbert recoiled from the witless use in book blurbs of "the B-word" (brilliant).

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'Mob' Filmmaker Married to the Details

By Hal Hinson

NEW YORK — The first thing you notice is the casualness, the ease. The shirt is loose-fitting, with some kind of African-mask on it. The shorts are bad-looking khakis that bag out as if he's been wearing them, in and out of bed, for about eight days.



"I'm especially proud of the last third of 'Married to the Mob.'"

For director Jonathan Demme, whose new film, "Married to the Mob," was just released in the United States, amiability is more than a character trait. It's an aesthetic.

Demme says he had expected to spend his life watching movies, not making them. Before beginning his directing career, he worked as a movie publicist and film critic.

He began his filmmaking career in 1970, when Roger Corman, the legendary B-movie producer, asked him if he liked motorcycle movies.

At 44, Demme may be more of a "guy" than anybody else making movies. There is no pretense, in either the man or his films. Tell him that his movie put you in a great mood, and he says, proudly, "I've done my job."

The state of Demme's office is in keeping with his personal appearance. Up to five stories in a Broadway office building, it looks more like the stockroom of a fly-by-night import-export business than a movie-production headquarters.

Tacked up on the walls are foreign-language posters from

Demme's movies. Next to the poster for "Totomonte Salvaje" (the Spanish title for "Something Wild") is the poster for his latest feature, "Married to the Mob," a Mafia comedy starring Michelle Pfeiffer and Matthew Modine.

At the end of the movie is the legend "A la fin continue," meaning "The struggle continues." (It was at the end of "Something Wild," too.) Demme took that off a Big Youth album. And next to it is the figure of a bent-over peasant called Jorobado, the company mascot.

This is the way Jonathan Demme works — one detail from here, another from there, mixing them up into something fresh and invigorating. And out of this pan-cultural eclecticism he's fash-

ioned an engagingly personal style. From "Citizens Band" to "Swing Shift" to "Stop Making Sense," what gives Demme's films their funky density is the proliferation of evocative detail, the rich profusion of things observed.

"The French have a phrase for it that I can't pronounce," he says. "Mise-en-scene. Details of setting. Basically it's that old Roger Corman rule No. 1 — keep the eye entertained."

Demme refers to himself as a "hired gun," but though he doesn't write the scripts, they are distinctly his. You feel a special affinity for Demme's pictures, as if you're watching movies by someone who is picking up on a lot of the same things — the same music, the same politics, the same things — that you are.

They are full of people being themselves. Every character in a Demme movie has definition, specificity. They're there, distinct and alive.

When he approaches his work, Demme says, "It's not about 'How can I make this movie?' It's about 'How can I make this interesting?' I do bring the conceit to it, that, if I find certain things deeply interesting or deeply amusing, then others will too. And you've gotta have that conceit, or else you'll never be able to make a choice."

The stories that interest Demme have a diversity, ranging from the Talking Heads concert in "Stop Making Sense" to an actor's monologue about his experiences in Southeast Asia in Spalding Gray's "Swimming to Cambodia," from Melvin Dummar's chance encounter with a desert-ratty Howard Hughes in "Melvin and Howard" to the screwball-comic misadventures of a Mafia housewife in "Married to the Mob."

And in each instance, Demme applies himself wholly to the task of bringing to life another individual's vision. His role, he says, is director as facilitator.

"I'm lousy at coming up with my own stories," he admits. "I can help push a story forward, but I just can't come up with them. I'm in awe of how David Byrne writes a song. The execution I understand, but the stories, per se — the ideas — fit into that mystical, it's-beyond-me realm."

But once a story captures his imagination, he says, his imagination can come into play. "I'm really a good editor — editor and simulator, those are my strengths. It's easy to click into the routine formulas, to take the easy way out. In 'Married to the Mob,' for example, something happened once everyone got to Florida that triggered a wild chase through the Everglades. And to me that just didn't seem to best serve the characters. I said, 'Let's get them all in a room together and have them fight it out or something.' I suggest that kind of change, then the writers do the writing."

Demme hasn't limited himself to fiction films. He's made documentaries and concert films and videos and performance pieces. He shot "Who Am I This Time?" which starred Susan Sarandon and Christopher Walken, for U.S.

public television. And, he says, working in a variety of forms invigorates him.

In Haiti, where he shot the documentary "Haiti Dreams of Democracy" last year for England's Channel 4, he filmed with a crew of only three — a soundman, a cameraman and a translator-guide — a skill he picked up working for Corman.

"On the other hand," he continues, "if I go out and make a movie like 'Married to the Mob' or 'Something Wild' where you have the benefit of an extraordinary team of gifted artists, then suddenly you can do state-of-the-art filmmaking. Any kind of shot that you dream up can be executed with great style. There are benefits to both ways of working. Each one is an injunction for the other."

Because Demme's style is so effortless and self-effacing, it's easy to overlook the inventiveness and craftsmanship that go into his pictures — especially "Married to the Mob."

"I'm especially proud of the last third of 'Married to the Mob.' Though there are no pyrotechnics involved, that last scene was very hard work. To get all those people in that room and have all those things happen. I look at that scene now, and I feel like that was very good directing work."

With "Married to the Mob," Demme has arrived at a good place in his career. He has gotten past the struggles with Goldie Hawn five years ago over the fate of "Swing Shift." Demme dismisses the present, which Hawn recent after his departure. He has gotten past the period where favorite projects seemed to stall indefinitely.

This latest film is the third project completed with Orion Pictures, a group he feels comfortable with. Currently in the works are a movie of Russell Banks' book "Continental Drift," and the possibility of making a film from Bud Shrake's script about Los Alamos called "The Big Man."

No wonder then that the mood is good and amiability reigns. After lunch none of the office staff seems to be in a hurry to get to work. Demme will do at the box office. Phone calls are answered. Papers are shuffled. Preparation for shooting a video moves forward.

A hata continua.

ANNOUNCEMENTS

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By Phone: Call your local IHT representative with your text. You will be informed of the cost immediately, and once prepayment is made your ad will appear within 48 hours. There are 25 letters, signs and spaces in the first line and 36 in the following lines.

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